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INTERNATIONAL INSTITUTE OF AGRICULTURE

# **BULLETIN OF THE BUREAU OF ECONOMIC AND SOCIAL IN- TELLIGENCE**

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The English translation has been made by Mrs BYRNE, Misses CREETH and BARRETT, and Mr. W. P. WATERMEYER.

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The Institute, confining its operations within an international sphere, shall :

a) Collect, study, and publish as promptly as possible statistical, technical, or economic information concerning farming, vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets;

b) Communicate to parties interested, also as promptly as possible, the above information;

c) Indicate the wages paid for farm work;

d) Make known the new diseases of plants which may appear in any part of the world, showing the territories infected, the progress of the diseases, and, if possible, the remedies which are effective;

e) Study questions concerning agricultural co-operation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries for the organisation of works connected with agricultural co-operation, insurance and credit;

f) Submit to the approval of the Governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their conditions, after having utilized all the necessary sources of information, such as the wishes expressed by international or other agricultural congresses or by congresses of sciences applied to agriculture, or agricultural societies, academies, learned bodies, etc.

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PART I.

**CO-OPERATION AND ASSOCIATION.**





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# CO-OPERATION AND ASSOCIATION

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## FACTS AND PROBLEMS OF INTERNATIONAL INTEREST.

### International Co-operative Institutions.

#### *Introduction.*

The modern tendency of economic and social institutions to federate, not merely within each country, but also in inter-State federations, so as to form international organizations of wider and wider extension, naturally manifests itself also in the field of co-operation. This tendency, championed about a century ago by thinkers like Owen and by co-operators in various countries, has only found its practical realisation within the last fifteen years, first in the foundation of the *International Co-operative Alliance*, an association of general character, but one in which co-operative distributive societies now predominate and later in that of a second association of purely agricultural character, the *International League of Co-operative Agricultural Associations*.

Each of these two associations, at more or less regular intervals, organizes international congresses, which form important centres of study and propaganda of co-operation and give occasion to important publications.

We shall examine these two international co-operative associations, giving a brief account of their history, their internal organization, their publications and the decisions come to in their Congresses.

### I. — International Co-operative Alliance.

#### § 1. *Origin and Development.*

It was at the national co-operative congresses, especially those held in Great Britain, on the initiative of the *Co-operative Union*, that the first steps towards an international co-operative movement were taken.

Foreign representatives of co-operation, especially French, German and Italian, desirous of studying British co-operative organization, took part in these congresses. Personal relations between the representatives of the various countries sprang up of themselves, and of itself also arose the idea of establishing a permanent union among the associations represented by them.

The project of an international federation of co-operative societies was several times discussed not only at the British co-operative congresses, but also at some French and Italian national congresses which foreigners were also invited to attend. The idea was taken up again in a communication addressed to co-operators in 1892 by Vansittart Neale, a fervent champion of the division of profits and by other partisans of co-operation and co-operators who had given themselves to the study of social questions, such as Holyake, de Boyve, and Robert and Owen Greening.

In consequence of the many adherents gained by this communication, two preliminary meetings were held in London in 1892 and 1893, attended by several representatives of English co-operation and some representatives of foreign co-operative societies, who decided on founding the International Federation, of Co-operative Societies.

This decision was only carried out in 1895, in which year the first international co-operative congress was held in London. Henry Wolff and E. O. Greening actively contributed to the organization of the Congress, and amongst those attending it were representatives of the co-operative societies of France, Italy, Belgium, Holland, Switzerland and some other countries.

The Congress fixed the principles on which the Alliance must work. It laid it down that the Alliance must hold aloof from all political and religious contentions and must base itself chiefly on the national federations of co-operative societies already existing or to be founded in the future. The principle of the division of profits gave rise to animated discussion, ending in a compromise by which it was declared that the association, although actuated by this principle in its work and its propaganda, did not however pretend to impose it on any one nor to render it obligatory for its members. The management of the Alliance was entrusted to a Committee instructed to proceed with the drafting of the rules and their presentation at the next International Congress.

The second Congress, held at Paris on the 26th. October, 1896, was remarkable for the large number of the representatives of co-operative societies from almost every country of Europe.

In this meeting the final rules were drawn up; the organization of the Alliance was consolidated, London being established as its headquarters and its management being entrusted to a central committee of 37 members who were charged to convoke an international congress at least once every three

years. It was further resolved to proceed with the preparation of an international system of statistics of co-operation.

The third International Co-operative Congress was held at Delft. There were about a hundred members and the principle of division of profits and that of joint property were again discussed and it was decided to institute an international co-operative exchange in Paris, a decision never carried out.

In the fourth International Congress held in Paris in 1900 and the fifth held at Manchester in 1902, important reforms in the internal affairs of the Alliance were discussed and approved. The Alliance, in addition to the representatives of co-operative organizations, included a large number of "individual members," students of co-operation and propagandists of the theory, whom the practical organizers reproached with giving undue importance to discussions on theoretical matters and especially on that of the division of profits, thus diverting the association from its practical work. As a remedy, the Manchester Congress laid it down that "the Co-operative Alliance is essentially an association of co-operative federations and societies" and that "private members can only be admitted in exceptional cases, and for those countries where co-operative organization is not yet sufficiently developed". After the Manchester Congress, the Alliance ceased to concern itself with the question of division of profits

\* \* \*

The changes introduced in this way among the fundamental principles of the alliance mark a new stage in its development and commence a new period of activity. The number of members, diminished in consequence of the modification of the rules, has again rapidly increased; the financial condition of the association is consolidated, and in 1903 the Committee manifested its activity by editing an international co-operative bibliography.

At the Budapest Congress, remarkable for the attendance of 250 members, representing 14 States, two important questions of principle again came up for discussion.

Doctor Müller's report on rural co-operation gave rise to a keen discussion upon the political and social character of the co-operative movement, after the vote on which the general federation of German Co-operative Societies, the Union of the Raiffeisen Co-operative Societies and the Schulze-Delitzsch Association, which were in the minority, withdrew from the Alliance.

Opinions were divided also on another question, both of principle and practice. On the subject of the "State's duty with regard to the Co-operative Societies," the Meeting was resolutely opposed to the grant of financial assistance by the State to co-operative undertakings. This decision, however, met with opposition from the rural co-operative societies, so that

the German and Austrian agricultural co-operative societies and federations withdrew from the Alliance. Three years later these latter in their turn initiated a new international association of exclusively agricultural character.

Consequently, the Congress closed with a decreased number of Adherents to the Alliance; but several members were of opinion that the secession had really served to strengthen the association by giving it greater unity of purpose.

The seventh congress of the Alliance was held at Cremona in 1907. The question of principle debated at it was that of the co-existence of the socialist co-operators, who insist on the "war of classes" and the "pure" co-operators who repudiate this war and rather recognise in co-operation itself one of the forms of "collaboration of classes." A secession was averted, thanks to an enthusiastic speech by the Hon. L. Luzzatti, one of the Italian Ministers and one of the most fervent apostles of co-operative propaganda. He showed that co-operators of all parties, even while divided as to the ultimate aims of the co-operative movement, have yet a very wide field of understanding and collaboration open to them, that is to say, the practical extension of co-operative institutions and the study of the technical questions involved in them. The same idea was reaffirmed three years later at the Hamburg Congress.

After the close of the Congress, the Central Committee proceeded to appoint William Maxwell, President of the Alliance, in place of Henry W. Wolff, who for more than ten years, had discharged the duties of this office with really remarkable activity. In addition, it was decided to make a collection of the laws on co-operation in the several States to be published in various languages.

The three years following the Cremona Congress were a period of great activity for the Alliance. It established a permanent *secretariat* to keep the adherent associations in continual contact and to accomplish a work of assiduous co-operative propaganda by means of interchange of publications, information and photographs. This work was effectually seconded by the publication of a monthly bulletin in three languages, first issued in the beginning of 1909.

The eighth International Congress, the last that has been held up to the present, met at Hamburg in 1910. The rules of the society in their new form, which we shall examine below, were presented at it.

Let us note, however, at once that all allusion to propaganda in behalf of division of profits is suppressed.

In drafting the rules the chief desire was to admit into the alliance only the representatives of the National Federations of co-operative societies, an idea, however, that could not be altogether accepted, federations in many countries not being yet sufficiently developed.

It was also attempted to give the Alliance a firmer financial basis, by

regulating the representation of each country in the Central Committee, in proportion to its financial contribution.

The ninth Congress of the International Co-operative Alliance is fixed to be held at Glasgow in 1913.

### § 2. *Organisation of the Society and Statistical Data.*

In the Rules approved by the Hamburg congress of 1910, the various objects of the Alliance are indicated as follows :

- (a) to define and promote co-operative principles ;
- (b) to encourage the development of co-operation in every country ;
- (c) to establish friendly relations among the members of the alliance ;
- (d) to collect and render uniform the statistics of co-operation ;
- (e) to encourage the study of co-operation and provide indications relating to it ;
- (f) to encourage the development of commercial relations between the co-operative organizations of the various countries

It will be remembered that in the previous Rules certain theoretical principles were enunciated, especially that of the division of profits upon which the work of the Alliance was to be based. This passage does not appear in the new Rules. They leave the Association greater liberty of action, limiting themselves to declaring that it is for the congress to fix the principles to serve as a basis for the work of the Alliance.

The rules provide the following *means* for the action of the Alliance ;

- (a) the periodical assembly of international congresses ;
- (b) the publication of a bulletin and other works ;
- (c) the collection of all publications and documents, drawings, photographs, etc., relating to co-operation ;
- (d) the organization of international enquiries and statistical research ;
- (e) the formation of an international organization to facilitate commercial transactions between the co-operative societies of every country and the establishment of a regular information service as to the economic conditions of the various countries.

There may be admitted as members of the Association :

- (a) co-operative societies, or unions or federations of co-operative societies ;
- (b) societies applying themselves to the propaganda of co-operation ;
- (c) honorary members, without votes, and corresponding members whose appointment rests with the management of the Society.

The co-operative societies of the countries in which national federations exist must present their applications for admission through the medium of the latter, so as to give greater unity to the representation of each country.

The contributions of the various societies are fixed according to the number of their members.

The Alliance is managed by a Central Committee, elected by the Congress, on which the various countries are represented in proportion to the contributions they pay to the society. This committee selects from among its members a managing committee of five members.

A general secretary, paid by the Society, is entrusted with the despatch of current business.

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Some data as to the number of the members and the financial resources of the Association will help to give an exact idea of its development.

In 1910 (date of the last International Congress) the total number of members of the association was 796. The number of delegates taking part in that Congress was 380 representing 595 adhering co-operative societies, as shown in the following table :

*Number of Co-operative Societies Represented at the Hamburg Congress  
(5th.-7th. September, 1910) according to Nations.*

Countries	Number of Delegates	Number of Societies Represented
Germany . . . . .	149	149
Argentina . . . . .	1	1
Austria . . . . .	49	108
Hungary . . . . .	9	10
Belgium . . . . .	13	19
Denmark . . . . .	4	5
France . . . . .	11	26
Great Britain . . . . .	84	186
Italy . . . . .	6	6
Japan . . . . .	1	1
Norway . . . . .	4	7
Holland . . . . .	6	14
Roumania . . . . .	10	14
Russia . . . . .	20	22
Sweden . . . . .	1	1
Switzerland . . . . .	12	26
<b>Total . . .</b>	<b>380</b>	<b>595</b>

The progressive development of the association will be seen best from the figures for the revenue given in the following table :

*Revenue of the International Co-operative Alliance.*

Working Years	Members' Contributions	Donations	Sale of Publications	Contributions from the Congresses	Miscellaneous Receipts	Total
	Francs	Francs	Francs	Francs	Francs	Francs
1896-97	9,790	4,078	654	—	—	14,522
1897-98	4,758	347	86	—	—	5,191
1898-99	7,953	203	280	1,403	—	9,840
1899-900	8,050	707	94	—	—	8,851
1900-01	5,489	272	67	—	—	5,828
1901-02	9,993	103	64	19	47	10,226
1902-03	8,256	820	910	69	111	10,166
1903-04	8,245	574	29	152	206	9,206
1904-05	9,009	765	186	2,291	71	12,322
1905-06	10,107	843	323	—	91	11,364
1906-07	11,845	919	944	8	329	14,045
1907-08	22,362	641	445	5,214	178	28,835
1908-09	19,514	445	1,056	—	131	21,146
1909 (1)	18,613	79	991	—	874	20,557

(1) For six months.

The following data are specially interesting, as they show the preponderating importance of the co-operative distributive societies as compared with the other forms of co-operation and the tendency to a progressive decrease in individual members.



Working Years	Contributions			
	of Co-operative Distributive Societies	of Other Classes of Co-operative Societies	of Individual Members and Donors	Total
1906-07	77.0 %	15.0 %	8.0 %	100
1907-08	88.0 %	8.0 %	4.0 %	100
1908-09	82.0 %	15.7 %	2.3 %	100

§ 3. *Deliberations of the International Congresses  
and Publications of the Society.*

The work of the association is manifested above all in two ways, by its International Co-operative Congresses and by its Publications.

We have given the history of the Congresses in outline above, limiting ourselves to the discussions bearing directly upon the character of the society. Here we shall only summarise the most important deliberations upon general questions and especially those of the more recent congresses.

Let us mention first of all that at every congress reports were presented by various delegates upon the condition and the progress of co-operation in the various countries. The congresses thus produced an interesting series of studies on co-operation, which contain observations often confirmed by the personal experience of the writers.

\* \* \*

We shall first mention the discussions on co-operation in general and then pass to the examination of the discussions on its special branches.

With regard to the jurisdiction of the co-operative societies, the Budapest Congress expressed the desire that it should be entrusted everywhere and for all classes of societies to a single authority like that of the *Registrar of Friendly Societies* in England and that a Union or Federation of the Societies themselves should be entrusted with the control and inspection of the co-operative societies.

The Hamburg Congress further desired the abrogation "of the restrictive laws limiting the liberty of the societies in various countries as well as of the fiscal charges which irritate the people and prevent the free development of co-operative distributive societies."

On two occasions the question of the participation of women in the co-operative movement came up for consideration. The Delft congress expressed its desire to see abolished the restrictions in the rules of certain societies, excluding women from the society or limiting their action; and the Cremona Congress declared that, in consideration of the excellent results obtained in England thanks to the women's co-operation, it thought a larger participation of women in the co-operative movement was also desirable for other countries.

With regard to co-operative propaganda, the Budapest Congress manifested the desire that the societies at the head of the movement should lend their assistance to those in which it is still little developed "so as to replace by the united forces of the whole world the State assistance which each of them may require". The International Alliance must facilitate this movement by the collection and frequent publication of data relating to the countries less advanced in the department of co-operation.

With regard to the various branches of co-operation, we repeat first of all that the Congresses have often occupied themselves with agricultural co-operation. The Delft Congress expressed the desire for the centralisation of all the branches of rural co-operation except only that of credit co-operation, which must in every case have a separate organization. According to the Congress, all the services for purchase of farm requisites and machinery, the provision of the articles of consumption required by the farmers and finally the sale of agricultural produce, must be centralised in a single co-operative organization.

The Manchester Congress had to pronounce on the work of co-operation with regard to home settlements. It considered "that co-operation was a specially efficacious means for settling of small cultivators on the land" and invited the societies possessed of sufficient means to invest them in such undertakings.

The Budapest Congress reaffirmed the great importance for farmers of co-operation and especially distributive co-operation; it exhorted all interested in co-operation to encourage the spread of it in the country "where it is not less urgently needed than among the town workmen."

The Congresses had also often to declare themselves upon the problem of cheap houses. The Manchester Congress observing that Co-operation offers the best means for providing the working classes with cheap houses, expressed the desire that all the co-operative societies should give their attention to the matter and that the savings of the working classes should be invested in loans to the co-operative societies for workmen's houses. The same subject was again discussed at the Hamburg Congress. According to its decision, the improvement of dwellings can only be obtained by means of co-operation, and in the realisation of this object not only the workmen's houses societies, but also the wholesale and distributive

co-operative societies, should assist, either building on their own account, or giving their support to co-operative workmen's houses societies.

Conformably with its international programme the Alliance attempted to create an understanding among the wholesale co-operative societies of various countries. The Cremona Congress in fact expressed the desire that the wholesale co-operative societies of every country should enter into relations with each other "in order to unify and to reinforce the co-operative movement of the whole world," and invited the societies themselves to proceed to the appointment of an International Commission entrusted "with the examination of the international question of wholesale purchase and the promotion of a common action among the wholesale co-operative societies in opposition to the proceedings of the trusts, detrimental to the consumers."

The consolidation of the national wholesale co-operative societies was desired by the same Congress, which exhorted all the co-operative societies of every country to address themselves to the existing wholesale co-operative warehouses or to promote their foundation so that they may really become centres of co-operative work and direct co-operative manufacture. For this end, in general, the co-existence of many wholesale co-operative societies in one country must be avoided, so that their centralising action may not be enfeebled.

With regard to the organization of co-operative credit, the Budapest Congress expressed the desire that in all countries in which it appeared necessary to establish a closer connection between the local co-operative banks, the foundation of central banks should be encouraged, adding that where the latter already existed, it was desirable that they should be consolidated by the accumulation of a capital of their own and by the employment of strictly commercial methods in all their transactions. The opinion was also expressed that the Central Banks might exert an action of the greatest importance in undertaking the control and inspection of the local banks, and it was finally desired that the co-operative societies should encourage their development by granting them preference in all their operations.

Finally the fact that the co-operative societies tend to employ labour on a continually larger scale led to the expression of the following desire on the part of the Hamburg Congress: it is the duty of the co-operative societies to grant their employees and workmen exemplary conditions in the matter of work and of remuneration, and to recognise their right of association, if necessary agreeing with the trade syndicates for the establishment of collective labour contracts.

\* \* \*

We shall here shortly deal with the publications of the association, the complete list of which will be found in the appendix together with precise bibliographical indications.

In 1898 the Association published a really remarkable essay on international co-operative statistics. The countries treated are Great Britain, Germany, Austria, Hungary, France, Italy, Belgium, Holland, Switzerland and Norway. In general the information refers to the year 1896. The scheme of grouping of the societies, if necessarily not identical in every respect for the various countries, yet readily admits of comparisons being made. To give an example of the information to be found in the work, we shall limit ourselves to the reproduction of the classification of the Co-operative Societies of Great Britain, indicating parenthetically the statistical information for each category. There are five groups of co-operative societies; each society is indicated separately in each group. Each of the establishments of the two wholesale co-operative societies of England and Scotland is likewise indicated separately.

The classification in groups is as follows: distributive societies (kind of produce sold, annual amount of sales, number of members, date of foundation); societies for production (kind of products manufactured, annual amount of sales, number of members and workmen, date of foundation); miscellaneous societies (same data as for the first category); wholesale co-operative societies (products manufactured in each establishment, total annual turnover, number of workmen); credit societies (annual turnover, number of members at date of foundation and at the end of 1896, date of foundation).

A more exact specification was made in the case of some countries; thus we find, for Germany, a special class for the co-operative building societies: for Austria, a class for dairies; for Italy, a class for the co-operative quarrymen's societies, whilst, on the other hand, in some countries, some classes do not appear.

The international co-operative bibliography is now a classic publication and up to the present unique of its kind. The general part (preface, titles, headings and tables of contents) is in three languages (French, English and German).

There are two classifications of the publications; the first, of the subjects, is arranged according to the countries the works refer to; the second gives the names of the authors in alphabetical order in the languages in which the volumes are published.

To give a better idea of the compass of the work we shall give the classification according to subjects.

It consists of the following groups ; history, biography and critical appreciations ; legislation ; co-operation generally (administration, central institutions, periodical publications) ; distributive co-operation, co-operation for production and labour ; credit co-operation ; insurance ; agricultural settlements and communities ; workmen's houses ; domestic and household co-operation ; co-operative education ; the woman in co-operation ; profit-sharing and co-partnership.

Each of these groups is subdivided according to the countries to which the works indicated refer, naturally reserving a first subdivision to works of a general character not limited to a single country.

The total number of works indicated (including articles and reviews) is 5,761. The most considerable group consists of works on co-operation in Germany (788 volumes) ; then follow Great Britain with 749 volumes, Italy with 739, France with 723, the works relating to general questions, 541 in number, etc.

With regard to the subjects treated, 1,412 works relate to co-operation in general, 1,100 to co-operative credit, 915 to agricultural co-operation, etc.

To complete the work, some years later the Alliance published an international index of the co-operative periodical press. It contains a list in which is entered the most important information with regard to each periodical (associations of which the reviews are the organs, frequency of publication, date of foundation, number of copies issued, etc.), and a series of statistical tables giving a summary of the position of the co-operative press in every country. The data refer only to the periodicals existing at the date of the publication of the index, that is to say, to 146 periodicals in all.

The Yearbook of the Association contains a detailed history of the Alliance by its secretary, Dr. Hans Müller, as well as chronological, statistical and bibliographical tables referring to the progress of co-operation in the various countries.

The Bulletin of the Alliance publishes in addition to the operations of the society also notes in relation to the development of the co-operative movement in the various States.

## II. — The International Confederation of the Agricultural Co-operative Societies.

### § 1. *Development and Organization.*

The movement in favour of the foundation of an international confederation of agricultural co-operative societies, originated, as we have already mentioned, at the International Co-operative Congress held at Budapest in 1904, the sixth of the series of Congresses organized by the International Co-operative Alliance.

The agricultural co-operative societies which were in the minority on the question of State intervention in co-operation withdrew from the International Co-operative Alliance.

After their secession many proposals were made for the formation of an international federation exclusively for agricultural co-operative societies. This idea found expression at the German Co-operative Congress at Strassburg, and on many occasions was approved by persons of recognised competence.

The initiative in the movement was taken by the National Federation of German Agricultural Co-operative Societies (*Reichsverband der deutschen landwirtschaftlichen Genossenschaften*) at Darmstadt, which, through the medium of its general secretary, the Councillor of State, Haas, assembled a preparatory conference at Lucerne, on the 19th. April, 1906.

At this conference there were represented, in addition to the above German association, also the central organizations of the agricultural co-operative societies of Italy, Austria, and Switzerland, that is to say, the Italian Federation of the Agricultural Consortiums of Piacenza, the General Federation of the Austrian Agricultural Co-operative Societies of Vienna and a group of five federations of Swiss agricultural co-operative societies (1).

State Councillor Haas was president. After having briefly set forth the previous history of the subject, he reminded his audience that for the development of the agricultural co-operative movement, it was necessary to unite the agricultural federations of the various countries in one body, with the object of interchanging and communicating the experiences of each in practical co-operative organization and of contributing together to the extension of agricultural co-operation in the countries where it is still behindhand.

In concluding his speech, the President presented a detailed programme for the work of the association, a programme which we shall examine when dealing with the rules and internal organization of the society.

(1) That is to say : The Federation of Agricultural Co-operative Societies of East Switzerland at Winterthur (*Verband Ostschweizerischer landwirtschaftlicher Genossenschaften*); the Federation of the Agricultural Co-operative Societies of the Canton of Berne (*Verband landwirtschaftlicher Genossenschaften des Cantons Bern*); the Federation of the Agricultural Co-operative Societies of Central Switzerland at Sempach (*Verband landwirtschaftlicher Genossenschaften der Zentralschweiz*); the Federation of the Cantonal Union of Zurich at Winterthur (*Genossenschaftsverband des Zürcherischen landwirtschaftlichen Kantonalvereins*); the Co-operative Federation of the Canton of Thurgau (*Genossenschaftsverband des thurgauischen landwirtschaftlichen Vereins*). The Federation of the Society of S. Gall at Reineck (*Genossenschaftsverband der landwirtschaftlichen Gesellschaft des Kantons S. Gallen*) had adhered to the Conference but sent no representatives.

After a short statement of the condition of co-operation in the various countries, the delegates approved the formation of the Confederation, deciding that it should include only national federations of agricultural co-operative societies and thus excluding from the first both local societies and private members. The drafting of the Rules and the labours in preparation of the first Congress were entrusted to president Haas, with the collaboration of a commission composed of one representative for each of the four countries co-operating in the Federation.

The first Congress of the Confederation was held at Vienna, from the 22nd. to the 24th. May, 1907, on the occasion of the 8th. International Congress of Agriculture. Besides the delegates of the four countries that had taken the initiative in it, there were also present representatives of French, Roumanian and Hungarian co-operative societies. The Austrian Government was officially represented, and the Marquis Cappelli saluted the Congress in the name of the commission entrusted with the preparatory labours for the International Institute of Agriculture.

The second Congress of the Confederation was held at Piacenza, on the initiative of the Italian Federation of Agricultural Consortiuns, on the 23rd. and 24th. September, 1908. In this Congress about 150 representatives of Federations of Agricultural Co-operative Societies of Italy, Germany, Austria, Russia, Switzerland, Servia and Hungary took part.

H. E. Signor Luzzatti, Minister of State, who was appointed Honorary President, was also the actual president. When the President of the Confederation, Haas, presented his report on the work of the association, he observed that, as it was still only at its start, it should occupy itself first of all, with settling questions of principle, since really practical collaboration among the associated federations could only be realised with time. After the discussion of the subjects we shall treat in the succeeding part of this article, the Congress closed, leaving it to the Board of Management of the Confederation to fix the place and date for the next Congress.

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Let us now briefly examine the internal organization of the Society as it appears in the reformed rules approved at the Piacenza Congress.

The general object of the Confederation is to represent and favour the interests of agricultural co-operation and, specially, to collect and publish data and information on the legislation and co-operative work of various countries and to encourage the development of the co-operative movement in countries in which it is as yet not far advanced.

In addition to these fundamental bases, the initial programme of the Confederation, approved at the Lucerne Meeting, enumerated in more

detailed manner a series of problems to the study of which the attention of the society must be more particularly devoted. Although this programme is not included in the rules, it seems to us advisable to summarise it, as it has, up to the present, provided the congress with matters for discussion.

It deals with the following subjects: organization of rural credit both real and personal; organisation of co-operative purchase and sale of farm requisites and agricultural produce. As to co-operation for production, the Confederation must study the organization of co-operative dairies, co-operative wine societies and co-operative societies for the sale of cattle. With respect to the three branches of agricultural co-operation, for production, sale and credit, it must consider the possibility of international operations or at least that of mutual assistance between the co-operative societies of various lands. The questions of the fiscal régime of the co-operative societies and co-operative insurance must also be studied.

Only the National Agricultural Co-operative Federations and the National Central Federations of the various countries are admitted as members of the League.

When, as in the case of Switzerland, for example, there are several central federations, they form one national section in the confederation, so that each country has a single representative.

The contributions of the members of the Confederation are regulated according to the voluntary system, each 100 marks contributed giving the right to one vote.

The management of the League is entrusted to a Board, on which each associated Federation has a representative appointed by it. The President and Vice-President of the League are elected from among the members of the Board and hold office for three years.

The official headquarters of the Confederation is the town in which the President in office resides and, consequently, is at present, Darmstadt.

\* \* \*

At the end of the year 1910 ten Central Federations, of 33,000 co-operative societies adhered to the Confederation. They appear, in the following order, in the report of the Confederation:

(1) The General Federation of Agricultural Co-operative Societies of Bulgaria (Sofia);

(2) The National Federation of German Agricultural Co-operative Societies (Darmstadt);

(3) The "Pellervo" Society for the Development of Agricultural Co-operation in Finland (Helsingfors);

(4) The National Federation of Agricultural Co-operative Societies for Production and Sale (Paris);



- (5) The Italian Federation of Agricultural Consortiums (Piacenza) ;
- (6) The Co-operative Agricultural Loan Society, (Eindhoven) ;
- (7) The General Federation of Austrian Agricultural Co-operative Societies (Vienna) ;
- (8) The Swiss Section of the International League (Winterthur) ;
- (9) The General Federation of the Serbian Agricultural Co-operative Societies (Belgrade) ;
- (10) The Central Co-operative Land Credit Society (Budapest).

**§ 2. *Desires Expressed by the Congresses.***

Let us now summarise the desires expressed by the two congresses.

In its two Congresses, the association had to occupy itself with co-operative societies for the provision of farm requisites.

At the Vienna Congress two reports were presented on the subject, mutually completing one another, one by Herr Schmidt, Manager of the Hamburg Branch of the Imperial Co-operative Bank, the other by the Hon. Signor Raineri, president of the Federation of the Agricultural Consortiums.

The ideas expressed in the report and in the detailed motion approved by the Congress may be summed up as follows in their general lines :

With reference to the action of the societies as mediums of exchange, the Congress expressed its desire to see such action manifest itself on a constantly larger scale, especially with the assistance of the central co-operative organs, placing the consumers and producers in direct contact with one another and thus eliminating the injurious effects of speculation.

On the contrary, the Congress warned its members to use the utmost prudence in regard to co-operative production properly so called. True co-operative production indeed demands large capital and costly installation and involves considerable risk which should only be incurred when local conditions and the conditions of the industry itself render success probable. Among conditions favourable for the organization of co-operative industries, special mention must be made of that in which the pre-existence of a strong co-operative organization insures the sale of the product from the start, especially when local co-operative societies engage in advance to purchase a certain quantity.

The motion proposed by the Hon. Signor Raineri calls the attention of agricultural co-operators to the co-operative manufacture of chemical manure, which has assumed such large proportions in Italy, and expressed the wish that the co-operative factories of superphosphates in various countries might in the future conclude agreements with each other so as to facilitate the sale of their manufacture and give the cooperative

organisation the independence it requires with regard to the consumption of chemical manure.

If the first Congress had to occupy itself with the question of co-operative purchase of farm requisites in each country, the second, on the contrary, examined it from the international point of view. The Piacenza Congress declared that it was advisable to encourage the exchange and the popularising of the experiences of the various countries, with the object of preparing measures in common against the proceedings of syndicates injurious to the interests of the agricultural co-operative societies.

With regard to the possibility of collective purchase, the Congress advised the greatest caution, holding that for the moment, international co-operative action must be restricted to the establishment of uniform "conditions of sale," limiting true collective purchase to the cases in which extremely favourable conditions recommend it.

Another subject of great interest with which the two Congresses had to deal was that of the organization and mutual relations of the rural banks.

The Vienna Congress concerned itself with the means for centralising the interchange of capital between the rural co-operative credit and other rural societies.

On the one hand provision must be made for the investment of the surplus capital of certain co-operative societies and on the other for provision of funds to those societies requiring them. Further it may eventually happen that the local co-operative societies require to be assisted in the case of an unexpected withdrawal of money. The central organs charged with these duties must be the provincial federal banks, but their action can only be efficacious, if, in their turn, they are connected with a strong central co-operative bank. This bank must not only centralise the interchange between the provincial banks, but also serve as a link between co-operative credit and the national and international money market. To attain this end, the central bank must have sufficient capital and reserve funds.

The second Congress had to deal with the same question from the international point of view, studying suitable means to permit of the direct interchange of capital of the co-operative banks in their international relations without need of recourse to other organs.

The Congress was of opinion that the interchange of capital between the co-operative societies should be facilitated by the establishment of an international service for circulation, clearing and cashing of cheques and bills of exchange between the central organizations.

To encourage this a uniform regulation of the documents of credit is necessary.

For this reason, the Congress expressed the desire for the rapid realisation of international legislation on cheques and bills of exchange, and

invited each of the adherent federations to present a petition in this sense to the competent authority.

. Finally, the Piacenza Congress tabulated its desires with regard to an international system of Statistics of agricultural co-operation. It instructed the President of the International League to prepare such a system of statistics ; but since the conditions of the various countries are appreciably different, as also the legal forms the co-operative societies assume are different, the work should be limited for the moment to the information which in various countries presents itself under the same aspect or at least under similar aspects.

The Board of Management of the International League must also take the necessary steps for the establishment of a system of statistics of agricultural co-operative business, limiting it likewise to those facts that can be represented in statistical tables and permit of comparison between different nations.

## Appendix.

### List of the Publications of the International Co-operative Alliance.

#### *a) Works of the Congress :*

- Report of the First International Co-operative Congress London, 1895. 432 pp. (Published in English)
- Report of the 2nd. International Co-operative Congress Paris, 1896 (Published in English).
- Report of the 3rd. International Co-operative Congress Delft, 1897 229 p (Published in French).
- Report of the 4th International Co-operative Congress, London, 1900. 203 pp. (Published in French).
- Report of the 5th International Co-operative Congress, London, 1902. XII 445 p. (Published in French and English)
- Report of the 6th International Co-operative Congress, London 1905. 7-11 pp. (Published in French, English and German).
- Report of the 7th. International Co-operative Congress, London, 1908. 181 pp. (Published in French, English and German)
- Report of the 8th. International Co-operative Congress, London, 1911. XXXII. 234 pp. (Published in French, English and German)

#### *b) Annual Reports :*

- XIIIth. Annual Report of the I. C. A. London, 1908 (Published in French, English and German).
- XIVth. Annual Report of the I. C. A. London, 1909. 40 pp. (Published in French, English and German).
- XVth. Annual Report of the I. C. A. London, 1910. 18 pp. (Published in French, English and German).

#### *c) Bibliographical, Statistical and Miscellaneous Publications :*

- Statistics of the Co-operative Societies in Various Countries. London 1898, I. C. A. 330 pp. (Text and Headings of the Tables in French, English and German).
- International Co-operative Bibliography. London. 1906. I. C. A. XXXI. 276 pp. (Text and Titles in French, English and German).
- International Directory of the Co-operative Press. Paris, 1909. I. C. A. 52 pp. (Published in French, English and German).
- First Yearbook of International Co-operation. London, 1910. I. C. A. 253 pp. (Published in French, English and German).
- International Co-operative Bulletin. Organ of the I. C. A. (Monthly. — Published in French, English and German).

**List of the Publications of the International Confederation  
of Agricultural Co-operative Societies.**

- 1) Protokoll über die am 19 und 20 April 1906 zu Luzern stattgehabte Konferenz landwirtschaftlicher Genossenschaftsverbände Deutschlands, Italiens, Österreichs und der Schweiz (*Minutes of the Conference held at Lucerne on the 19th and 20th April, 1906; by the Federations of Agricultural Co-operative Societies of Germany, Italy, Austria and Switzerland*). Neuwied. 37 pp.
  - 2) Satzung des Internationalen Bundes der landwirtschaftlichen Genossenschaften (*Rules of the International Federation of Co-operative Agricultural Societies*). Darmstadt, 1907, 22 pp. (In German, Italian and French).
  - 3) Vorläufige Nachrichten über die Verhandlungen des ersten Internationalen Bundestages der landwirtschaftlichen Genossenschaften zu Wien am 22 und 24 Mai 1907 (*Summarised Report of the Discussions of the 1st International Congress of Agricultural Co-operative Societies held in Vienna, 23rd and 24th May, 1907*). Darmstadt. 1907.
  - 4) Bericht über die Verhandlungen des Ersten Internationalen Bundestages der landwirtschaftlichen Genossenschaften zu Wien am 22 und 24 Mai 1907 (*Report of the Discussions of the 1st International Congress of Agricultural Co-operative Societies held in Vienna on the 22nd and 24th May, 1907*). Darmstadt, 1907. 210 pp.
  - 5) Jahresbericht des Internationalen Bundes der landwirtschaftlichen Genossenschaften für 1907-1908 erstattet an den Zweiten Internationalen Bundestag zu Piacenza am 23 und 24 September 1908 (*Annual Report of the International Federation of Agricultural Co-operative Societies for 1907-1908: presented at the 2nd International Congress held at Piacenza on the 23rd and 24th September, 1908*). Darmstadt. 8 pp.
  - 6) Satzung des Internationalen Bundes der landwirtschaftlichen Genossenschaften (*Rules of the International Federation of Agricultural Co-operative Societies*). Darmstadt, 1909. 22 pp. (In German, Italian and French).
  - 7) Geschäftsbericht des Internationalen Bundes der landwirtschaftlichen Genossenschaften für die Zeit vom 1. September 1908 bis 1. September 1910 (*Report on the Work of the International Federation of the Agricultural Co-operative Societies for the Period, 1st September, 1908-1st September, 1910*). Darmstadt. 1910. 74 pp.
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# CO-OPERATION AND ASSOCIATION

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## AUSTRIA.

### CURRENT QUESTIONS.

#### The New Bills on Co-operative Societies in Austria.

In the beginning of November, 1911, the Government laid three bills on Co-operative Societies before the Chamber of Deputies. On account of their importance we shall examine each of them in detail. They represent the result of long study and are the fruit of experience acquired in the course of many years, so that it will be useful for those interested in co-operation to learn their contents.

The bill of widest scope is *for a general law on co-operative societies*; the second concerns the foundation of a *general credit institute for the co-operative societies*; the third establishes *special fiscal measures in favour of co-operative societies*.

In the following pages and in the following numbers of our Bulletin we shall give their general outlines and most important provisions as they appear in the legislative acts (preparatory studies, draft laws, reports).

### PART I.

#### Bill for a General New Law on Co-operative Societies.

##### Sources:

Gesetz vom . . . . . über Erwerbs- und Wirtschaftsgenossenschaften 823 der Beilagen zu den stenog. Protokollen des Abgeordnetenhauses - XXI Session 1911. — Regierungsvorlage. — (*Law of . . . . . on Co-operative Societies. Appendix 823 to the shorthand minutes of the Chamber of Deputies. Session XXI. 1911. Government Proposal.*)

§ 1. *Statistical Bases of the Bill.*

At the date of the promulgation of the law of 9th. April, 1873 on co-operative societies now in force, co-operation was still in its infancy. But since then it has advanced continuously, beyond all expectation, and to-day the most numerous classes of the population all share in the co-operative movement.

Between 1872 and 1909 the number of co-operative societies increased from 1,555 to 15,225, that is to say, tenfold; the credit co-operative societies which in 1872 were 943 multiplied progressively up to 1888 when they were 1,363. They then increased rapidly, thanks to the introduction of the Raiffeisen system, so that in 1906 there were 7,886 and in 1909, 10,159 (1).

On the other hand, the co-operative distributive societies decreased in number in the course of the years following the coming into force of the law. : from 540 in 1872 they fell to 222 in 1883, to increase in number again up to 1,285 in 1909.

The co-operative societies of miscellaneous character of which the principal group is composed of strictly agricultural co-operative societies (that is to say, co-operative societies for production, purchase and sale, formed by farmers) also developed rapidly : there were 101 in 1880, 226 in 1890, 561 in 1895, and 3,811 in 1909.

It thus appears from these data that since 1872 the co-operative credit societies have increased 900 %, the co-operative distributive societies 200 % and the others 520 %.

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If we consider the co-operative societies with respect to their form of liability, we find that up to 1876 unlimited liability societies predominated ; between 1877 and 1900, limited liability societies were more numerous, and after 1900 they again became inferior in number to the first. At the end of 1909 there were 7,303 limited liability societies and 7,858 unlimited.

The co-operative credit societies especially take the unlimited form ; of these there were in 1909 7,678, the others being 2,420. 7,114 of the former were Raiffeisen and 564 Schulze-Delitzsch societies.

(\*) A slight difference will be observed between these figures and some of the following and the data of the "Statistisches Jahrbuch", because in our figures also unregistered co-operative societies are included.

The distributive co-operative societies are generally of limited liability (1,211 against 49) ; among other classes of societies (production, purchase and sale, and building) in 1909 there were 3,672 with unlimited and 131 with limited liability (proportion 28.1).

Let us now examine the development of the chief classes of co-operative societies with reference to the number of their members and their total business.

In 1878, at the date of the last return there were 299,867 members of *co-operative credit societies*, which gives 1 member per 77 inhabitants ; in 1909, the number of members was 2,263,436 and the proportion was then 1 member to 12 inhabitants.

In the period of 30 years the number of the population engaged in co-operation has increased in the proportion of from 1 to 6. The average number of members per society is 265, more exactly 126 in the Raiffeisen Banks and 636 in the Schultze-Delitzsch banks.

The increase of business has been still more remarkable : in 1878 the total outgoings and incomings amounted to 282 million crowns ; in 1908 to 2,828 millions, that is 10 times as much.

Striking an average we get an amount of 13 crowns per inhabitant in 1878, and 100 crowns per inhabitant in 1908.

The *co-operative distributive societies* had 26,421 members in 1878 and 410,351 in 1908, so that their number has increased fifteen fold during the period. But their total business has increased 1,000 % ; in fact, in 1883 the co-operative distributive societies had sold goods for 11½ million crowns and in 1908 they sold goods for 124 million crowns.

The *other co-operative societies* in 1908 were 3,355, divided as follows : 2,319 agricultural co-operative societies, 603 co-operative societies of small *industrials* ; 180 co-operative societies of *industrials*, and merchants, as well as societies for the generation of electric energy ; 173 building societies, and 80 miscellaneous societies. The data we possess are rather incomplete, for with regard to 786 societies we have none. The remaining 2,569 in 1908 had 282,813 members, with 45.05 millions of crowns in shares (*parts*). The outgoings and incomings amounted together to 203 million crowns.

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Summarising the general data, we find that in 1908 there were 13,809 registered co-operative societies. We possess information with regard to 12,063, and they had 2,956,630 members, averaging 245 per society. So that we may calculate the total number of members of the 13,809 societies at 3,584,000, representing an eighth of the population.

The total paid up shares (*parts*) amounted to 220 million crowns, the outgoings and incomings to 3,074 million crowns.



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This short account shows the great progress made by the co-operative movement.

The credit co-operative societies, with which agriculture will not be able to dispense in the future, are far the most important. On their side the small manufacturers and small dealers would no longer be able to do without the help of these co-operative societies which are continually extending their sphere of action.

It has been proved that co-operative organization rests on a firm foundation and that it constitutes an important factor in the welfare of a large part of the population.

It has of course experienced some reverses : in the space of 36 years, 3,660 societies have been dissolved out of a total number of 15,953 founded ; the cause was, in 249 cases, bankruptcy and in 2,805 cases voluntary dissolution.

## § 2. *Proposals of Reform.*

It is evident that a law of about 40 years ago, when co-operation was still in its infancy, no longer corresponds to present conditions.

However, experience has shown its merits and weak points and has suggested reforms to bring it into conformity with the new conditions.

The first attempts at reform date from 1888 and were repeated in the following years : sometimes the proposals were made by the Diets and sometimes by the Parliament. An important advance was not made till the law of 10th. June, 1893, on inspection, which regulated the inspection of the co-operative societies and made it compulsory. But the Government has been long occupied in the preparation of a general reform of the law on co-operative societies. With this object, after an elaborate study by the Ministerial Department of Justice, it laid before Parliament, on the 1st. June, 1897, such a bill, which was later abandoned on the close of the Parliamentary session, but excited keen discussion, in which the various tendencies appeared.,

Other proposals of Parliamentary initiative had been presented, but had had no success : finally came the abovementioned law on inspection, filling some important gaps, but leaving a general reform still necessary.

Some years later the Government prepared a new bill which was amply discussed in a conference of experts and representatives of the co-operative organizations assembled by the Ministerial Department of Justice. The bill was besides submitted to the Chambers of commerce for their examination and opinion.

In this way precious material was collected, the fruit of long experience and an epitome of the knowledge of the persons most competent in the

matter. In this way, appreciable changes were introduced into the former scheme, which has been recently rehandled and laid before Parliament in its present form.

### § 3. *Fundamental Basis of the Reform.*

The present bill is chiefly a codification of all the legislative provisions of general character relating to co-operative organization. The various provisions have been harmonized so as to form an organic whole; those recognised as incomplete amplified and rendered more precise, and new ones added.

But the fundamental basis of the whole reform is the substitution of *unlimited obligation of payment of calls* (*Unbeschränkte Nachschusspflicht*) for joint and several unlimited liability. The law of 1873, as will be remembered, admits of two forms of liability, limited, and joint and several unlimited, liability.

The principle of limited liability is evident: for each member it is determined from the first precisely what financial obligations he is to assume: he is liable for these and for nothing else. Unlimited joint and several liability, on the contrary, engages the whole estate of the individual and sometimes leads to disastrous results.

In fact when an unlimited liability co-operative society fails, the creditors, after the due formalities, may address themselves, for the recovery of their unpaid debts to any individual member and bring legal action against him to obtain sequestration. So that it may happen that the bankruptcy causes some members a trifling financial loss while it may occasion the complete economic ruin of others.

However the evil would not be so serious if at least the creditor's rights were efficiently protected. On the contrary the present system while exposing the members to possible serious peril in the case of bankruptcy is no more favourable to the creditors. Each creditor addresses himself to a special member from whom he claims payment of the amount still due; however, the long and expensive legal action does not always lead to the desired result; so that a creditor risks being obliged to renew the process against several members in succession, thus losing his time and his money.

Joint and several unlimited liability then presents very serious drawbacks, both for the members and the creditors. In adopting it the law acted on the principle that it afforded the creditors of the co-operative society the desired *maximum* guarantee, but facts have shown that this is not the case.

The rather, as in consideration of the panic and confusion produced by the failure of an unlimited liability co-operative society, the members

resort to extreme measures to prolong its existence, thus always aggravating the situation. Consequently, it is undeniable that the creditors in general will have better security when the present system is replaced by a rigorous, well arranged procedure, ensuring the fulfilment of the engagements of the society with the least loss to the individuals and the least possible confusion. With this intention the bill abolishes joint and several unlimited liability replacing it by unlimited obligation of calls (*unbeschränkte Nachschusspflicht*).

This system eliminates the direct liability of members to each creditor ; so that the creditor may not bring any action against such or such a member.

In case of bankruptcy, creditors must make good their claims against the society ; the members are liable for the portion due as a body, without being so individually ; each of them must contribute to the deficit in the proportion fixed by the assessment proceedings.

Of course the calls must be paid without any limit of the amount until all the creditors of the society are fully paid, or till the property of all the members is exhausted.

The system of *unbeschränkte Nachschusspflicht*, then, eliminates all direct relations between creditors and members ; the latter are liable to the society and the society to the creditors.

For the better protection of the creditors' rights the bill more rigorously regulates the assessment proceedings so that when a co-operative society fails, the members are classified ; and immediately afterwards the assessment is proceeded with, that is, the proportional amount due from each is fixed.

As is natural, the proposed change in the liability has met with adversaries. It was objected that the system of *unbeschränkte Nachschusspflicht* had not been well recieved in Germany where it is little resorted to. But it may be observed that the German law admits this system together with that of joint and several unlimited liability which, at the date of the promulgation of the law was already firmly established and had taken its place among the habits of the population. So it may be affirmed that if the other form is not much in use, this is rather due to force of habit, which is slow to abandon customary methods. And to this has also contributed the desire of faithfully following the principles of the teaching of the first apostles of co-operation, who always recommended co-operative association on the basis of joint and several unlimited liability.

To sum up, *unbeschränkte Nachschusspflicht* consists in the obligation of each member to contribute without limit together with the other members to fulfil the engagements entered into by the society with third parties. (1)

(1) In the text of the bill we always find the expression unlimited liability to signify *unbeschränkte Nachschusspflicht*. Naturally, then, in the bill the expression has a very different sense to that it has in the 1873 law.

The new bill completes the provisions with regard to limited liability co-operative societies by bringing them into agreement with the new provisions for winding up bankrupt co-operative societies.

§ 4. *Elements and Characteristics of the Co-operative Society.*

The present bill reproduces from the law in force the definition of a *co-operative society* as "Any association with an unlimited number of members the object of which is to increase the profits or the economic action of each member by means of the exercise of a business in common." (Die Bestimmungen dieses Gesetzes haben Anwendung zu finden auf jeden Verein von nicht geschlossener Mitgliederzahl der die Förderung des Erwerbs oder der Wirtschaft seiner Mitglieder mittels gemeinschaftlichen Geschäftsbetriebes bezweckt (Erwerbs- und Wirtschaftsgenossenschaften).

The condition : the *exercise of a business in common* means that under the co-operative form, in the sense of the law associations, may only be founded for the development of the economic action of each member or to allow of their realising economic profits through *direct participation* in the work of the business of the society. It is the personal element then which prevails in a co-operative society. For a co-operative society to be in accord with the law it is not enough for it to be an association of a few individuals associated for business purposes with the object of afterwards sharing the profits. It is not enough even that some persons should put their capital together in order to start a business, even if this implies mutual sharing of the profits and losses. The essential characteristic of a co-operative society is the "active, direct participation of the members in the work of the society," that is to say, the economic profit must come from the collaboration of the members in the common business and not, for example, from the collective investment of capital in a business foreign to the personal work of the members. Thus, the co-operative principle rejects the idea of capitalistic enterprise, and in it the personal element predominates.

Let us observe that while the law of 1873 made of the co-operative credit societies a class apart, the present bill makes no distinction, considering that the credit operations form a co-operative action, not substantially different from others, but one of the forms of action of a collective enterprise.

In contradistinction to the German law which permits of a co-operative society being registered either as such or as a society in the sense of commercial law, the Austrian bill provides that all economic associations possessing co-operative characters must be constituted under the co-operative form and conform to the provisions of the law on co-operative societies.

Art. 1., after having given the definition, classes as co-operative societies especially the loan and credit associations, loan and savings banks, co-operative sale societies and warehouses, co-operative distributive societies, those for production, building, collective purchase and sale to members or collective utilisation of agricultural or industrial implements and machines (§ 1,2, Erwerbs- und Wirtschaftsgenossenschaften sind bei Vorhandensein den angeführten Voraussetzungen (§ 1, 1) insbesondere die Kredit- und Vorschussvereine, Spar- und Darlehenskassen, die Bezugs-genossenschaften und Rohstoffvereine, die Absatzgenossenschaften und Magazinsvereine, die Produktivgenossenschaften, die Konsumvereine, die Baugenossenschaften und die Vereine zur Beschaffung und kaufs- oder leihweisen Ueberlassung von Gegenständen des landwirtschaftlichen oder gewerblichen Betriebes).

It must be added that this enumeration is given by way of example.

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For a co-operative society to have civil personality it is necessary :

(a) that the contract by which the members establish their association as a co-operative society (rules) be completed ;

(b) that the rules be registered in the competent court.

The intervention or approbation of the authorities is not required any more than by the law in force ; in this respect, there is the most complete independence. The power of the judicial authority is very limited, because it belongs to it to examine only if the co-operative contract (the rules) is in conformity with the law, and if they are to proceed to register.

After this, the society exists as an independent civil personality; before the registration the persons acting in the name of the society are jointly and severally liable with respect to non-members. It must be mentioned that the appointment of the board of management and the board of supervision must precede the registration ; this innovation was introduced because the co-operative society must possess executive bodies that can act validly as soon as it exists legally. If such appointment took place after the registration, there would for some time be a legal body incapable of acting.

The co-operative contract or rules must be signed by the persons who have founded the society or who have begun to form part of it before registration. The declaration by which a person becomes a member must be accompanied by the indication of the number of shares (*parts*) he intends to take. The rules must be signed as above as a substitute for the declaration each member admitted to a share in the society after registration is bound to make. A member so admitted must present a similar application to the president proving his identity and specifying the number

of shares he desires to acquire ; in the case of a society founded on the basis of the unlimited obligation of calls (*unbeschränkte Nachschusspflicht*), whoever desires to join after registration must also add explicitly, under pain of nullity, that he engages to pay an unlimited amount to the society, in case of need. In the same way, in the limited liability co-operative societies, the application must contain the explicit declaration that the member binds himself to pay up to the limit of his liability as laid down in the rules. Membership begins the moment the application is accepted.

The bill settles an important matter, as to which for years the most contradictory opinions have been expressed, it admits explicitly that even civil persons may be members of a co-operative society. Indeed the law of 10th. June, 1903 had indirectly recognised the principle. By accepting the contrary thesis, the law would have disavowed the magnificent advance made by the federal movement, the union of co-operative societies in central societies, federations and central banks. It was said that the association of co-operative societies in central co-operative societies and provincial federations, etc., leads to a confusion of liabilities ; but such an objection loses all value when for the system of joint and several unlimited liability is substituted the proposed *unbeschränkte Nachschusspflicht*.

### § 5. *Rules of the Co-operative Societies.*

The rules which must be in writing (or printed) are the basis of the society. They should at least contain the following details: (1) the title and headquarters of the society ; (2) the object of the business of the society ; (3) the amount of each share (*pari*) and the mode of payment ; (4) the constitution of a reserve fund to meet eventual losses, the mode of formation of this fund as well as the portion of the net profits to be put to this reserve fund, etc ; (5) the form of liability and in case of limited liability co-operative societies the amount guaranteed by each share (6) the mode of calling the general meeting and of forming the board of management ; (7) the system in accordance with which the notices of the society must be published.

There is little to observe with regard to these rules, which are compulsory.

The title must be explicit, not ambiguous, and must correspond really with the object of the work of the society; it must always be followed by the expression : unlimited liability co-operative society (1) or limited liability co-operative society, in full. Expressions open to misconception are not allowed : for example, the expression savings bank (*Sparkasse*), because some might imagine it an institution under State Control, like the State Savings Banks ; on the other hand, the title " Loan and Savings

Bank" (Spar- und Darlehenskasse) is permitted, as it lends itself to no misunderstanding. The bill, however, in no case makes detailed provision leaving to jurisprudence the task of deciding in each case.

Speaking of the object of the business, the bill employs the expression "Gegenstand des Geschäftsbetriebes" and not "Gegenstand des Unternehmens," as in the law in force, to show once more that between the action of the society as a civil personality and that of the members taken individually there should exist a relation of immediate collaboration, the principle of capitalist undertakings (Unternehmen) being foreign to that of the co-operative society. In connection with the reserve fund there is an innovation, partly inspired by the similar provisions of the German law (§ 7. paragraph 4); every co-operative society is bound to provide for the formation of a reserve fund and this obligation must be laid down in the rules.

The minimum number of members required to form a co-operative society has been fixed at seven. This number may be less in the other forms of economic association since the capitalist element preponderates in them, but not in the co-operative societies. It cannot be doubted that the great majority of the latter could not subsist with the participation of this minimum of members. On the other hand there are other co-operative societies, as, for example, those for production, which, as experience proves, give better results, when the number of their members is limited. That is why in imitation of the German and Swiss legislation, this new provision fixing a minimum of seven persons has been introduced into the bill.

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The shares must each have the same value. The law of 1873 leaves their amount to be determined in the rules (§ 5. paragraph 5). Yet the intention of this provision was that there was to be no inequality in the shares. On the contrary it has happened that, in several provinces, many co-operative societies have been registered the rules of which provide for shares of varying amount, that is multiples of a principal share. Consequently, the law does not attain the end of letting third parties know the financial basis of the co-operative society by its provision in § 14 that the number of shares belonging to each member must be indicated, as soon as they are not of equal value.

It has been decided to remedy this defect in the bill.

The 1873 law contains no provisions as to payment on shares: it does not say whether the shares are to be paid up immediately, or in instalments and within what period. Now this is not a satisfactory situation. When a person becomes a member of a co-operative society he must have a clear

idea of the financial obligations he assumes and the importance of the act he accomplishes. Therefore the bill lays it down that each member must immediately pay up at least 1/10 of his share and at the same time fix the period within which the other payments shall be made. It has been said that a tenth part is too small a fraction, but the bill has fixed this small limit in consideration of the fact that most of the persons participating in the co-operative movement belong to the poorer classes. If the immediate payment exacted were too high, the result would be that the amount of the share would be reduced so as to reduce the amount to be paid immediately. It is evident that such a condition of things would damage the interests of the co-operative society the financial basis of which would be weakened.

In addition to the foregoing, the rules must stipulate : (1) the period for which the society is formed ; (2) if it intends to extend its action to non-members within the limits fixed by the law (see § 7.) ; (3) the conditions for membership ; (4) that no member may acquire a number of shares above that fixed by the rules, (5) that members may not resign before a certain period has elapsed (not longer than three years) ; (6) that they undertake to pay up additional contributions on their shares, in case those made are insufficient to cover losses incurred ; (7) that they undertake to provide the societies periodically with a certain quantity of produce in kind, in case the society is one the working of which is based upon such a condition.

These provisions are not indispensable for the rules of every society as are those previously mentioned, yet the bill, in consideration of their importance, lays it down that they must be especially inserted in the rules when they are obligatory

Let us examine the principal provisions. That on the relations between the co-operative society and non-members implicitly admits that these may in some sort participate in the co-operative work.

Now, the co-operative principle in its strict sense would exact the exclusion of any intervention and any participation of non-members. Whoever desires to enjoy the advantages afforded by co-operative association has open to him the simple method of becoming a member.

The bill even departs substantially from the principle that only members should have an active part and therefore has established, as we shall see, that credit and distributive co-operative societies must, on principle, exclude non-members from their sphere of action as these are not admitted to a share in the profits. Yet the law, with the consent of the majority of competent persons declares that it is sometimes advisable to have the collaboration of persons who although not members are encouragers of the co-operative idea. It has been observed that, for example, the co-operative societies for production, co-operative warehouses, and co-operative sale



and purchase societies, might find it difficult to do without the contributions of non-members.

Of course the relations of the society with these latter must be subordinated to its relations with its members, otherwise it would not answer its purpose. A co-operative society declaring that its end was to develop its business relations principally with non-members, while reserving for its members participation in the profits, would be a capitalistic enterprise and not a co-operative society in conformity with the law.

But the extension of business to non-members ought to be the exception and not the rule, and, precisely for that reason, mention should be made in the rules when it is contemplated.

This does not mean that a co-operative society which has not inserted such a clause in its rules is absolutely unable to enter into business relations with outsiders. First of all, in case of need, when some serious economic evil has to be avoided, the prohibition ceases. Then, there is a large field of secondary business in which any co-operative society may deal with non-members, unrestrictedly. It has been mentioned that credit and distributive co-operative societies may not extend their field of action to include non-members. That is right: but if this means that a Raiffeisen bank cannot, for example, grant loans to non-members, that does not prevent it from accepting savings deposits from anybody or rediscounting bills of exchange for a bank or contracting a loan in order to obtain the means for meeting its engagements. It is clear again that a co-operative distributive society must sell goods to its members alone, but it is very natural that it should make its purchases from outsiders even, if need be, from over sea producers. These are secondary kinds of business serving as *means* to attain the *end*, which is to produce cheap credit and goods respectively for its members.

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According to the 1873 law, a co-operative society, until it is being wound up or has failed, may not exact supplementary payments for the reintegration of the value of shares depreciated in consequence of losses incurred. But as this procedure may sometimes be advantageous and even serve to ward off disaster, the bill permits that the rules contain a clause by which the members oblige themselves to reintegrate their shares in case of losses, by paying up a sum that may amount to three times the value of the shares possessed.

A notable innovation in the bill is the provision enforcing the explicit statement in the rules of the character, amount, conditions, etc., of the eventual contributions in kind that the members must furnish to the society. The continually increasing progress of co-operation has given rise to

a large number of co-operative societies the existence and prosperity of which demand from their members the periodical and regular contribution of a certain quantity of produce to be treated or sold. Already the members of many co-operative dairies, for example, habitually assume the obligation of supplying every day a certain quantity of milk in proportion to the head of cattle they possess. The scrupulous observance of this obligation is of vital importance for the society ; in fact it has been remarked that the cause of the ruin of many co-operative dairies has been precisely that the members did not furnish the milk regularly.

The rules must at the same time prescribe the mode of payment of the members for the produce supplied ; they may also fix the penalties in case of non fulfilment of the obligation of periodical contributions.

#### § 6 *The Executive Bodies of the Co-operative Society.*

The executive bodies of the co-operative society are : 1st. the Board of Management, 2nd. the Council of Supervision ; 3rd. the General Meeting.

With regard to these the provisions of the law are purely formal ; consequently we shall only mention those points that offer special interest.

Let us first of all note that it is laid down in the bill that the Board of Management shall be composed of at least two persons ; the agreement of at least two persons is always necessary for the valid expression of the will of a civil person. The Members of the Board of Management must be chosen from among the members of the society ; but, as civil persons may form a co-operative society or part thereof, membership is not exacted in the case of members of the Board of Management. It is enough that the person to be elected be capable, alone or with others, of expressing the will of one of the civil persons associated in the society. This new provision has been introduced into the bill as an escape from the subterfuge as present resorted to on account of the inadequacy of the law ; certain individuals are received as members in the Federations, central banks and central co-operative societies, so that they may be entitled by the law in force to be members of the Presidential Board.

The bill provides that the term of office of the Board of Management shall be three years ; yet this period may be prolonged by the rules to a maximum of 5 years or reduced to any minimum. But it is recommended rather to keep to the legislative provision.

The members of the Board may be dismissed at any moment ; they are jointly and severally liable to the co-operative society for the fulfilment of the duties of their office, which they must discharge with the zeal and attention of ordinary business men.

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In contrast with the law in force, according to which the Council of Supervision is optional, the bill lays down that every co-operative society must have one. It must consist of at least three persons capable of acting.

The minimum of three persons has been fixed in contradistinction to that of two, fixed for the board of management, so as to give the deliberations of the board of supervision the weight and authority they deserve.

A provision that deserves special attention is that in § 24 of the bill to the effect that the minority has a right to one representative on the council of supervision. This provision is an innovation introduced for the first time into the law on societies limited by shares (Aktienregulativ, § 37, 5 and 6). When the general meeting of a co-operative society is called for the election of three members or more for the council of supervision, a third of the voters represented may demand that the election of each member take place separately; then two members are elected; and the candidate who has received at least a third of the votes in the two preceding elections is considered to be elected as third member.

It is the duty of the council of supervision to control the work of the Board of Management. Their functions are distinct and parallel, never coming into contact. So that the first can never co-operate or deliberate with the second; but has only to control the management of the business, and inquire into the receipts and expenditure, etc.

By an important innovation, § 26, 2, the Council of Supervision may subdivide its sphere of action so that each member or group of members has a given department of the management under its own control. In this way the supervision is more efficacious and more accurate.

In spite of such division of functions the council of supervision is naturally alone responsible to the society.

The executive body of the co-operative society is the general meeting, to which it belongs to

(a) deal with the balance sheet, the division of profits and the responsibility of the Board of Management and the Council of Supervision;

(b) fix the amount of the loans the society may contract and of the deposits it may receive;

(c) fix the limits within which credit may be granted to the members.

The provision authorizing the meeting to determine on the maximum of loans to be contracted is new; it has been decided, after the example of the German banks, to limit the power of the Board of Management to undertake engagements.

In unlimited liability *unbeschränkte Nachschusspflicht* societies every member has a right to one vote, in limited liability societies the bill admits

plural voting. In this way a violently controverted question has received its solution.

In fact, the co-operative principle, strictly considered, requires that every member should have one vote. Co-operative societies differ from societies limited by shares and other capitalistic associations, as the personality of their members is of the first importance; hence the members should all be considered equal. But if this is entirely true for unlimited liability co-operative societies, in which all members without distinction are liable to the whole extent of their property, while the participation of each in the formation of the capital is of secondary importance, for limited liability co-operative societies it is not so. In them the acquisition of additional shares involves not only an increased contribution to the formation of the capital of the society but also increased liability, corresponding with the liability attaching by the rules to each share. Now it seems unjust that the influence of the individual on the management of the business should not be in proportion to the risk to which he is exposed. If it were, many would abstain from taking more than one share. Again, to allow but one vote in the limited liability co-operative societies would be to go against tradition and against established usage which has given good results. **Therefore** the present bill, differing from the German law (§ 42,2) and the bill presented in 1897, admits plural voting in the limited liability co-operative societies. The rules may provide that the holder of several shares may have a vote per share or per group of shares; all the same no member may have more than 10 votes.

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The general meeting instead of consisting of the members themselves may consist of their delegates. In many co-operative societies, especially distributive societies, in the large cities, the number of members is so great that it would be impossible to hold a general meeting which all or the greater number of the members might attend. Therefore the bill permits that those co-operative societies that have more than a thousand members may provide in their rules for the holding of a meeting of delegates instead of the general meeting. In this way every member is given the possibility of at least indirectly exerting his influence on the course of the business of the society by electing as delegate a person representing his tendencies, and his ideas. The delegates are elected in special meetings of the members, who are divided for the purpose into local groups, each of which holds a separate meeting for the election of its delegates to the general meeting.

§ 7. *Inspection.*

There has long been a general conviction that the means of internal control at the disposal of the societies are insufficient and do not answer their purpose. It has been found that the council of Supervision — itself optional under the law in force — cannot as a rule exercise efficient and thorough control, because often the persons forming part have neither themselves the necessary technical capacity nor a sufficient knowledge of the provisions of the law. As State intervention was to be excluded *a priori* in the matter of co-operative organization, so it was attempted to improve the position by the constitution of inspection federations. Groups of co-operative societies united in a federation entrusting to it the task of arranging for periodical inspection of the affiliated societies by special inspectors. So the law of 10th. June, 1903, regulating this matter, only sanctioned the state of things that necessity and custom had established. The bill almost entirely incorporates the provisions of the inspection law which we shall here summarise.

Every co-operative organization must be, at least once every two years, subjected to the inspection of a competent inspector, unconnected with the society itself. When deficiencies or defects are revealed at the inspection, the next inspection must take place within the year.

The inspection must include the examination of the co-operative action in all its manifestations; it must not be limited to the accounts, bookkeeping, etc., the inspector must inspect the business in all its departments to see if the work of the institution, both as a whole and in every part, corresponds with the purposes for which it was instituted. His task is to satisfy himself that the legislative provisions and those of the society's rules have been observed, and whether the conduct of the business gives guarantee for the future prosperity of the society.

The object of the inspection is not only to control the co-operative action, but also to indicate the best means for its development. This is why the inspector, who must be competent and experienced in co-operative business, has, as his mission, not only to check the accounts, but also to call the attention of the executive bodies of the co-operative societies to their duties, to indicate the means for remedying defects discovered to give advice, instruction, etc.

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We have said that biennial inspection is obligatory for every co-operative organization ; there are therefore subject to it, in addition to the co-operative societies (of the first degree), the Federations themselves, the central banks,

the central co-operative societies of co-operative form, but not those constituted as associations under the law of 15th. November, 1867.

Now what body is authorized to exercise control over the co-operative institutions? That is, who is to appoint the inspector?

We must distinguish 4 cases: a co-operative institution:

(1) is affiliated to a superior organization and in that case the latter is competent;

(2) or it is not affiliated to any organization but receives subsidies or loans from the provincial administration and then the body competent to inspect it is the Provincial Commission (*Landesausschuss*);

(3) or the co-operative society is connected with a co-operative organization and also receives subsidies or loans from the provincial administration and then both bodies 1 and 2 are competent (but one or other may decline).

(4) in other cases the court in which the society is registered is competent.

The bill allows a co-operative society to insert in its rules that the body competent to inspect it is the Provincial Commission; in that case, this body is authorized to appoint the inspector if it wishes to avail itself of the right.

It is evident that the most frequent case is that a co-operative society is inspected by the immediately superior organization to which it is affiliated; such organization by the competent Provincial Federation, and the Provincial Federation by the General Federation. There are indeed very few co-operative societies that are not members of some organization.

A Federation is authorized to appoint an inspector for the inspection of affiliated organizations, when the following conditions are all satisfied: (1) When the organization is legally constituted as a co-operative society or as an association; (2) when its rules establish that one of its objects is precisely that of exercising control over its affiliated societies; besides this, the Federation may have as its sole object that of defending the collective interests and of maintaining business relations with its affiliated organizations; if it occupies itself with other matters, it cannot exercise this control; (3) when it groups around it at least fifty co-operative societies or all those in one province, or again all the co-operative societies of one province of one character and the same nationality.

Authorization to exercise control is granted by the local public authority.

Let us note that at the enquiry of 1908 the question was raised, whether, in view of the importance and great responsibility of the Federations in the matter of inspection, they should not be subjected to some control by the public authority or the Provincial Commission. But most competent persons declared themselves against such a measure on account of the impossibility of laying down rules adaptable to the form of the various Federations

organized in such different ways. On the other hand, either a Federation is constituted in the form of an association according to the law of 1867 and then such intervention is not justified ; or it is constituted as a co-operative society in accordance with the existing law and then it must be altogether subjected to the inspection either of a superior organization or of the Provincial Commission or of the competent tribunal.

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The bill does not enter into details as to the manner of carrying out the examination ; it did not seem advisable to go into minute particulars. The variety of the co-operative societies is so great that if the inspection was subject to detailed and rigid rules, it would not attain its end.

On the contrary, the bill lays down general provisions to be adapted to the requirements of each case, giving the inspector ample powers so as to place him in a position to avail himself of all the means necessary for his investigations. Thus he has the right to enter all the offices of the society, to examine the books and papers, to demand explanations, to assemble, at need, the board of administration and the council of supervision, and be present and speak at their meetings without voting. When he has to inspect co-operative businesses with technical installations the examination of which calls for special competence, as for example the co-operative societies for the generating of electric energy, the inspector may ask for expert assistance.

Another provision, like the foregoing a new one, concerns the powers of the inspector of Federations or Central Co-operative Societies and Banks. If he is to have an exact idea of the conditions of a central co-operative organization he must be in a position to know the relations of this latter with the affiliated co-operative societies. According to the present law the inspector must content himself with the declarations made by the members of the central organization in regard to its relations with the affiliated co-operative societies he is not in a position to examine personally. Now, admitting that a Central Bank may have granted loans to an exceptionally large degree to some co-operative society, it is right that the inspector should examine into the matter, proceeding also to an inspection of the society.

The inspector must communicate in writing to the Board of Management of the co-operative society the results of his examination and especially must point out the infringements of the rules and the law he has discovered. This communication is made through the examining body of the Federation or of the Provincial Commission if the inspector has been appointed by one or other of these bodies. The registrar of the Court must be also advised.

The Board of Management must advise the Council of Supervision, on receipt of the inspector's report, and, after consultation with it, decide with regard to the report.

The report must be placed on the agenda of the next general Meeting where it must be read in full with all the observations noted on it by the examining body. It must be read by a special commission elected from the members of the Meeting, so as to avoid the omission by the president of passages reflecting upon his work. The Council of Supervision must give the meeting its opinion on the inspector's report.

The examining body may, if it judge fit, order the board of management of the society to call a special general meeting, within a stated term, for the reading of the inspector's report. If the board of management does not comply with these instructions, the examining body may call the meeting itself.

When the inspector discovers omissions, faults or infringements of the rules or of the law, he gives the society a term of three months to put everything in order. If the society does not conform to his instructions, he forwards a detailed copy of his report to the Court. The Court orders the co-operative society to take the necessary steps to conform itself to the law. If the faults observed are such as to call for more serious measures, the Court may even declare the society dissolved. When the faults are to be imputed to the board of management, the court has the power of depriving its members of their office. In such case the Council of Supervision must proceed to the appointment of a provisional board of management until the convocation of the general meeting.

These provisions tending to give effectual sanction to the institution of inspection are largely new : the law of 10th. June, 1903, was found deficient on this point.

### § 8. *The Co-operative Society as a Civil Person.*

The Co-operative Society acquiring in consequence of registration the character of a civil person becomes capable of independent action. The law attributes to it in addition the character of a trader so that the provisions of the commercial code apply to it in so far as they are not invalidated by the co-operative law.

Co-operative societies should then as *traders* be able to exercise any trade and any industry in accordance with the commercial code ; but the bill excludes from their sphere of action certain forms of activity not consonant with the co-operative principle. They are forbidden to carry on industries requiring a large initial capital and large working capital, which, as a rule, a co-operative society has not available, as, for example, the construction and



working of railways and mining. Not only do these industries require large capital, but they require its immobilisation for a long time or even permanently. Now, even when a co-operative society has exceptionally large funds at its disposal, it offers no security of being able to dispose of them for a long time, whilst every member has the right to leave the society after a certain period and withdraw his contribution.

For similar reasons the co-operative societies are forbidden to issue *lettres de gage* (bonds) and mortgage bonds. They are also forbidden to undertake insurance business, as that being subject to State control in the interests of the public would ill accord with the principle of independence prevailing in co-operation; besides this branch of industry also demands large financial resources. As to local requirements they are sufficiently provided for by the existing law on insurance which recognises the small mutual insurance societies.

The co-operative societies are also forbidden to carry on the work of enrolment and transport of emigrants; here, evidently one could no longer speak of collective enterprise based on the personal collaboration of the members.

With regard to the industries authorized, the co-operative societies are of course subjected to the provisions of special laws. The bill (93,2) adds that authorization may only be granted in case the action of the society extends only to members.

In this respect the bill introduces an important innovation: the co-operative societies for production, says § 94, exercising an industry under the industrial law (*Gewerbeordnung*) may also extend their action to non-members only in case all their members are authorized to carry on the same industry. This provision is only a consequence of the industrial legislation tending to reinforce the class of small "industrials" by admitting to the exercise of an industry only persons endowed with special qualities (for example, an individual to exercise the trade of master mason must have had a regular apprenticeship and have passed an examination).

Now if the bill did not contain the above provision, the individuals excluded from a given profession by the *Gewerbeordnung* would unite in a co-operative society and by that expedient reach their end, namely, a profession forbidden to them by the industrial law.

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We have said above that the bill does not absolutely exclude non-members from participation in co-operative work, when the relations of the society with the non-members are limited. But with regard to some forms of co-operation, *credit and distributive co-operative societies*, the bill shows itself

more severe : it forbids the participation of non-members even to a limited degree in the business constituting the object and *raison d'être* of the society.

Besides it is a common opinion and a principle almost universally acted on that credit societies must only grant loans to members. The cause of the ruin of some co-operative societies is precisely due to their having acted on the opposite principle.

The object of the credit co-operative societies is to form, by a union of many persons of small finances, a body which, uniting in one all the scattered forces, would have a large basis for credit and also the possibility of providing shareholders with cheap credit and with the least difficulty. Therefore the admission of non-members also to credit would be a contradiction of the very intentions of the credit co-operative society. But there is more ; this would entail a diminution of the security offered by the society. If the society makes the necessity of membership a condition for obtaining credit, whoever has need of credit will be obliged to become a member, unless he is willing to forego the loan. However slight the increase of the security acquired by the society at the entrance of each member, when one considers the matter as a whole and not isolated cases, one immediately sees its importance. In the enquiry made in 1908 it was found that a bankrupt co-operative society had 200 members and had granted 1,800 loans. Now it is evident that if the members had been 2,000 instead of 200, affairs would have had a different issue. Even if the failure had occurred, the society would have had larger funds available to satisfy its engagements and meet the deficit, the 2,000 members would have had to make some slight sacrifice, whilst the 200 suffered severely.

But another reason justifies the above provision. To admit non-members to share in the credit of the society would be making it possible for a small number of persons to form a co-operative society with the object of making profits ; in such case they would have every interest in granting loans to non-members.

This would be a business of speculative character in contradiction with the co-operative idea. On these considerations the bill forbids the co-operative credit societies to grant loans to non-members, agreeing in this with the German law (§ 8,2) and the Hungarian law (Article XXIII of the 1898 law on co-operative credit societies).

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Similarly, the co-operative distributive societies are forbidden to sell goods to non-members. Their object is the supply of members with articles of personal consumption cheaper than they could obtain them at the shops. Yet it would not have been contrary to the co-operative principle to admit

non-members in a limited proportion to make purchases from the co-operative distributive societies.

The difficulty is to arrange that the proportion should be maintained. Now the bill, considering that it would be impossible to prevent serious abuses, has laid down an absolute prohibition subjecting the societies in contravention to a fine of from 2 to 500 crowns.

Exception is only made in cases of necessity ; in the case of perishable goods and when losses have to be averted, the society may sell also to non-members but *not retail*. The bill has adopted restrictive provisions for the co-operative distributive societies, preventing their commencing business until they have a certain number of members, more precisely 200 in localities where the population exceeds 20,000 and 50 in other places.

§ 9. *Special Provisions as to Credit Co-operative Societies.*

The bill regulates the credit co-operative societies very precisely. In conformity with the provincial laws of Bohemia of the 30th. June, 1906 and 26th. April, 1900, the law forbids them occupying themselves with business outside of their natural field of action, credit.

In particular they are forbidden (a) to carry on industrial business, except it be the provisional exercise of a business acquired gratuitously or to save the society from probable losses ; they are forbidden even to participate in such undertakings ; (b) to buy real estate unless it be a provisional purchase to save the society from probable losses, or a purchase effected for the requirements of the society, as, for example, for the installation of its offices ; (c) to buy or sell goods whether for their own account or on commission ; (d) to buy and sell bills for a term subject to the fluctuations of exchange, either for their own account or on commission.

The prohibition in § (a) and (c) does not apply to Federations of co-operative societies acting as central banks and accepting deposits at interest only from affiliated co-operative societies.

The prohibition to purchase real estate and to purchase and sell goods is considerably limited in the case of Raiffeisen Banks.

They form an organization of such sort as to allow of their being considered, from the point of view of the agricultural population, as institutions of public utility.

Besides, in view of the restricted limits of their field of action, which, as a rule, is only one or two communes, and the direct knowledge the members have of all the business, they are unlikely to proceed without the greatest circumspection. Therefore the bill allows them the right to purchase real estate to prevent subdivision or the sale of land for purposes of speculation ;

as well as to purchase farm requisites wholesale for the account of their members and to sell the members' produce on commission.

The bill does not explicitly name the Raiffeisen Banks, but in § 97 it mentions their characteristics, as follows :

- (1) unlimited liability (*unbeschränkte Nachschusspflicht*) ;
- (2) limitation of the field of action to one or more indicated contiguous localities ;
- (3) the amount of the share (*quote part*) not exceeding 50 crowns and the interest on the shares not exceeding that on the savings deposits ;
- (4) the profits of each working year assigned to a reserve fund, to which the members have no right even in case of the dissolution of the society ;
- (5) exclusion of loans on bills of exchange ;
- (6) interest on loans not exceeding, in all, the interest on deposits by 1 ½ %.

Let us finally observe that, according to the bill, only co-operative credit societies are authorized to accept deposits on interest, issuing savings bank books, deposit certificates and similar receipts. Other co-operative societies may only accept deposits in current account and only from members.

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# CO-OPERATION AND ASSOCIATION

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## BULGARIA.

### CURRENT QUESTIONS.

#### The Agricultural Co-operative Credit Societies in Bulgaria.

*The following Article has been to a large extent summarised from the work of D.<sup>r</sup> DOBREFF. Die landwirtschaftlichen Kreditgenossenschaften in Bulgarien, Thesis for Doctor's Degree, Erlangen, 1911.*

#### § 1. Urban Banks.

The political events in Bulgaria in the second half of the 19th. century greatly effected the economic conditions of the country, especially agriculture. This was due to various causes, more especially to the fact that the young state which at once began reforms, was faced by enormous expenses leading to a general increase in taxation. Moreover, the people's wish to rescue the land from the hands of the former rulers created a large demand for land, the price of which at once rose; whilst, on the other hand, the revenue diminished through the competition of American agricultural exports which began to flood the European markets.

At the same time a deep and essential transformation was coming over the economy of the country, which was passing from simple exchange of produce in kind to a monetary system of economy.

All these facts necessarily brought about a great scarcity of money. The result of this, namely usury, assumed enormous proportions, and the various special laws of 1880, 1893 etc. did not avail to combat it.

But this want of money brought about a beneficial result; the development of the first Bulgarian co-operative societies of agricultural credit: the "Urban Banks."

These were first instituted in the time of the Turkish dominion under Midhat Pasha who, as far back as 1863, worked intelligently and actively in their behalf. The finances of Turkey, not being then in a condition to furnish the necessary funds, it was thought best to obtain them from the peasants themselves.

The energy of Midhat Pasha succeeded in this difficult task, so that, in 1863, some of the societies called "Urban Banks" were formed. The Turkish Government, recognising their utility, two years later made it compulsory to found such banks in the chief towns of each district.

All agriculturists without distinction had the right to make loans, but they were also obliged to pay a special tax for the formation of a capital for the working of the said banks.

The tax might be paid in kind, as also the restitution of the sum borrowed. The bank undertook the sale of such produce at market prices. In 1867 the tribute in grain was converted into tribute in money. No new bank could begin operations before accumulating a capital of 4,000 frs.

The administration consisted of four councillors from the district, of whom two had to be Mahomedans and two Christians; and of a cashier. It was also under the supervision of the district council. The banks chiefly granted to the farmers credit on personal security, or on pledge or mortgage, generally for a short term.

The advantages accruing to the farmers were very great: the rate of interest although fairly high (at the beginning, 12%, falling in 1864, to 10%, and in 1873 to 9%) was an enormous relief in comparison with the interest demanded by the usurers, which often exceeded 100%.

A third of the profits of the banks was employed in useful public works; the other two thirds went to increase the funds.

These rural banks were progressing, when in 1877 the Turco-Russian war broke out. The consequences were fatal. In the general disorder, not only the beneficent movement stopped, but the sackings that took place, the destruction of the books, and the dishonesty of the debtors who repudiated their debts completed the ruin. When the war ended (1872) the provisional Russian Government wished to re-organise the banks and published an edict to that effect, which, however, introduced no radical changes in the rules which governed them before.

The sphere of action of the banks was extended in the succeeding years by new rules which gave them the right of granting loans to non-agriculturists out of funds procured by the deposits of orphan minors entrusted to them, and entitling them to receive deposits from outsiders. The banks continued to work on these principles till December 23rd., 1894, when a law made a first radical transformation in their existence, entrusting the direction of the agricultural banks to the Ministry of Agriculture and Commerce. Thus, whilst on the one hand the administration of such banks,

entrusted before too often to inexperienced and biased persons, came under Government control, their nature was so completely transformed as to make of them institutions dependent on the central power.

A new law of December 31st., 1903, completed the work of centralization by creating the "Agricultural Bank of Bulgaria" by the union of all the local banks. We shall not dwell further on the constitution and working of this bank having already treated of it at length in the June Number of our Bulletin.

Suffice it to say that it had a very beneficial effect on the rural banks, as they were now provided with a large amount of capital and their diffusion was encouraged by assiduous and intelligent propaganda. A new institution, the Central Bank of Bulgaria, the foundation of which was decided upon by the law of 17th December, 1910 (old style), the functions and organization of which we shall deal with in the next number of the Bulletin, has recently replaced the Agricultural Bank of Bulgaria in everything relating to co-operative credit.

## § 2. *The Agricultural Co-operative Credit Societies.*

The first Bulgarian co-operative credit societies on the Raiffeisen system were founded in 1897 on the initiative of a master of the agricultural school at Rustchuk, named Kardjew. Unfortunately, the two first, founded in the villages of Straklewo near Rustchuk and Escerwena-Woda, lasted only a short time, owing largely to the inexperience of their founders.

This failure did not, however, prevent the good idea from being taken up again two years later by a congress of rural teachers, held at Krossewo. This time the efforts were crowned with great success, notwithstanding that the difficulties were increased by the distrust of the peasants, deepened by the ill-success of the first attempt. Consequently, one cannot be surprised if, in so prejudiced an environment, the development of the first co-operative societies of agricultural credit was extremely slow.

There were founded :

in the year 1899 . . . . .	2	Loan Banks
"    1900 . . . . .	5	"
"    1901 . . . . .	—	"
"    1902 . . . . .	13	"
"    1903 . . . . .	9	"

Altogether 29 banks were founded in five years.



In 1903 an important fact modified the status of these co-operative societies. The Bulgarian Agricultural Bank, recognising the immense utility of such banks to the whole country, decided to take an active part in their development. With that object the central administration of the Bank drafted special instructions to the branches and agencies ordering them to encourage the institution of new rural banks, and even if necessary to take part in their management: it ordered its officials to study the principles of the Raiffeisen system and promote its diffusion, and, what mattered still more, it placed upon the estimates large appropriations for subsidising future banks.

The slow development of the first co-operative credit societies, after the impulse given by the Agricultural Bank, at once advanced rapidly:

There were founded:

	Loan Banks	Proportional Increase	Number of Members
from 1899 to 1904 . . . . .	29 . . . . .	— % . . . .	1,622
1905 . . . . .	71 . . . . .	244 % . . . .	5,658
1906 . . . . .	47 . . . . .	47 % . . . .	10,243
1907 . . . . .	91 . . . . .	62 % . . . .	19,422
1908 . . . . .	162 . . . . .	68 % . . . .	28,744
1909 . . . . .	280 . . . . .	70 % . . . .	35,289
30 Sept., 1910 . . . . .	95 . . . . .	— % . . . .	40,000

### 775

Whilst before in five years they only succeeded in founding 29 credit banks, the number of these, after the intervention of the Bank, rose in one year to 71: in September, 1910 there were already 775. Likewise the number of members which was 1,622 at the end of 1904, exceeded 40,000 in September, 1910.

The members were divided among the 772 co-operative societies in the ratio of about 60 to 80 each. It is well to note that although they recruited especially amongst farmers (89 %), those belonging to other professions were never excluded: thus, they had as members workmen (2 %) small merchants (1.9 %) priests and teachers (2 %) etc. The participation of these other members of the rural community was rightly welcomed, as affording an element of equilibrium in moments of agricultural crisis.

Dobreff furnishes the following data as to the economical conditions of the members:

*Members' Assets and Liabilities.*

## ASSETS.

Year	Total Amount		Total	Per Member		Total
	Personal Estate	Real Estate		Real Estate	Personal Estate	
1907	57,236,823	9,058,661	66,295,484	2,947.09	446.61	3,413.50
1908	98,478,754	24,377,922	122,856,676	3,422.51	848.62	4,271.13
1909	119,784,248	21,630,151	141,414,399	3,391.54	610.10	4,001.64

## LIABILITIES.

*(Exclusive of Debts to the Co-operative Societies).*

Year	Total Amount of Liabilities				Total	Average per Member
	to the State	to Private Persons	to Agricultural Banks	to Other Banks		
1907	117,036	918,008	946,570	177,508	2,159,122	111.16
1908	137,171	1,517,543	1,469,753	397,252	3,521,769	122.54
1909	161,272	1,660,729	2,061,317	183,135	4,966,453	115.25

In addition : 60 % of the members possessed from 2 to 10 head of cattle (18 % from 1 to 2, etc.), 40 % from 10 to 50 head of small stock (22.6 % from 1 to 10, 5.3 % from 50 to 75) : 19.60 % of the members had from 30 to 50 ha. of land (15 % from 10 to 30, 17.20 % from 50 to 75). All these data show that the members of the co-operative societies belong mostly to the class of small and middle proprietors, that is to say, exactly the classes for whom the banks were founded.

The above tables show a slight but uninterrupted decrease in the debt towards the State and to private persons (that is to say, in many cases, to usurers) which may be considered as the first real benefit conferred by the co-operative banks.

§ 3. *The Co-operative Credit Societies in Recent Years.*

We have already said that the development of the Bulgarian co-operative credit societies was due rather to the work of the Agricultural Bank, which furnished the necessary capital for their formation, than to the spontaneous initiative of the agriculturists. Thus the need for contributions from the members was less strongly felt than generally in co-operative societies of the same kind, as they had but little importance in the formation of the working capital. In fact they figure in the total liabilities in the following ratio :

31st. December, 1905 . . . . .	10.9 %
"    "    1906 . . . . .	7.4 %
"    "    1907 . . . . .	6.2 %
"    "    1908 . . . . .	7.2 %
"    "    1909 . . . . .	8.5 %
30th. September, 1910 . . . . .	8.7 %

The figures may be compared with those that represent the contributions of the Agricultural Bank to the total assets :

Year 1905 . . . . .	46 %
" 1906 . . . . .	62 %
" 1907 . . . . .	70 %
" 1908 . . . . .	67 %
" 1909 . . . . .	60 %
" 1910 . . . . .	61 %

From this one sees the Bank was the principal agent in the life of the credit societies. In addition to the contributions of the members a very small part was represented by their savings and those of outsiders composing the rural population. This was due not only to the distrust felt by the Bulgarian peasants for this kind of institution, and to the real scarcity of money prevailing amongst a large number of them, but also to the fact that they prefer to invest their savings in the purchase of land, when they do not wish to keep them in cash. The deposits made by private persons,

calculated on percentage of the total of the debit operations of the societies, are shown in the following table :

Year	Deposits	Savings	Total
1905 . . . . .	22	14	36
1906 . . . . .	16.5	7.3	23.8
1907 . . . . .	12.7	4.7	17.4
1908 . . . . .	13	5.7	18.7
1909 . . . . .	16.4	7.6	24
1910 . . . . .	15.9	6.1	22

The Bulgarian Agricultural Bank came to the assistance of the Co-operative Societies by opening a current account for them at the beginning of every year. Prior to the Act of 11th. March, 1901, this was not however done unless a special inspector carefully examined the financial status of the society and that of each of its members. After such inspection, the branch bank nearest to the seat of the society, pronounced judgment on its solvency. The maximum limit of credit was fixed by the central administration. The control of the local societies by the Agricultural Bank is exercised uninterruptedly ; the current account is immediately suspended when they commit irregularities or when they grant loans on insufficient security or infringe any regulation or provision of the banks.

This control, though very necessary, entails constant interference with the societies. So that owing to the fact that they work with capital furnished in great part by the Bank, and that they are subject to its control, they lose their independence and almost become branches of the Bank. But not absolutely so, as these societies, having a restricted field of action possess many of the advantages of small local co-operative societies, chief of which is that knowledge of and control over the members which make the working of personal credit possible. The law of 17th. December, 1911, also confers, with slight modifications, this power of control on the new central Co-operative Bank of Bulgaria.

#### § 4. *The Assets of Credit Societies.*

The principal work of the co-operative credit societies consists in granting short term loans to their members for an amount that cannot exceed 50 % of their estimated funds. This valuation is made in various ways in the case of the various societies, but always on the basis of the land they own, and it is then controlled by special inspectors sent expressly by the Bulgarian Agricultural Bank.

Let us now see what the loans amount to and how they are divided amongst the members. The following have been granted :

		Members	Thousands of Lewas	Lewas per Member
1st. January,	1906	5,658	0,860	L. 152
" "	1907	10,243	2,388	" 232
" "	1908	19,422	5,417	" 277
" "	1909	28,744	8,151	" 283
" "	1910	35,289	10,486	" 297
30th. September,	1910	37,706	12,289	" 325

This table shows a continual increase in the average value of the loan. But as this average is calculated for very different values, it is well to examine the figures more in detail.

On 1st. January, 1910, 49,396 loans made by the 402 societies to their members were divided as follows :

			Percentage of Total Members	Percentage of Total Amount
Loans from	10 to	50 lewas	18.2	3.0
" "	50 "	100 "	22.3	8.6
" "	100 "	200 "	24.5	18.3
" "	200 "	300 "	13.5	16.1
" "	300 "	500 "	13.4	24.5
" "	500 "	700 "	4.6	13.3
" "	700 "	1,000 "	2.7	10.6
" "	1,000 "	1,500 "	0.7	3.8
" "	1,500 "	2,000 "	0.16	1.2
" "	2,000 "	5,000 "	0.04	0.6

After showing what loans are made by the societies to their members, it will not be less interesting to see the use made of them. We therefore give the following table from the annual report of the central federation of the agricultural co-operative societies for 1908 and some official data of the Agricultural Bank on the work of the credit societies in 1909.

Use made of loans in the year 1906-1909 :

	Percentage of Total Number of Loans		Percentage of Total Amount of Loans		Percentage of Total Amount
	1906	1909	1906	1909	
Payment of debts . . . . .	35.2	41.7	33.7	43.5	272
Purchase of land . . . . .	21.9	11.2	17.5	26.7	309
Purchase of cattle . . . . .	12.9	28.0	9.8	8.6	190
Payment of taxes . . . . .	13.1	6.5	6.7	3.3	108
Purchase of grain . . . . .	2.8	1.0	11.1	5.7	108
Loans for cultivating . . . . .	0.5	0.3	1.5	0.9	118
Loans for harvesting . . . . .	1.1	0.6	1.0	0.5	118
Loans for agricultural machinery . . . . .	1.2	1.0	1.3	1.2	204
Loans for other unproductive purposes (celebration of marriages, funerals, etc.) . . . . .	11.2	8.7	16.9	9.6	129

These data are most important as they explain why the Bulgarian co-operative societies of agricultural credit have not yet attained the development which they perhaps might. Whilst the object of these banks was to furnish the farmers with capital that would help them to progress by means of farming improvement, the purchase of agricultural machinery etc., we see that the greater part of the capital, 88 %, is used for productive purposes. Foremost amongst these is the repayment of previous debts.

When the first co-operative societies arose, many of the farmers who groaned under the weight of usury at once took advantage of the first capital obtained from the banks to pay off previous liabilities.

To these must be added other unproductive expenses, such as payment of taxes, celebration of marriages, funerals etc. purchase of land, etc.

It is therefore only natural that the relief obtained from the banks has only been momentary: one creditor was substituted for another, but this creditor also had to be paid; at the expiration of the term the agriculturists found it impossible to return the capital loaned from the banks.

For this reason renewals are very frequent, bills are often renewed several times.

Renewals were granted :

once	for	23.5 %	of debts.
twice	»	14.7 %	»
3 times	»	8.1 %	»
4	»	3.6 %	»
5	»	2.7 %	»

And now a few last words on the expenses of the various societies :

Year	Total Expenses (in francs)	Per Bank	Per Member
1906	219,040	1,571	21
1909	1,201,989	2,443	54

Most of these expenses represent the interest which each society has to pay to its creditors: that due to the Agricultural Bank alone amounts to 414,031 lewa ; then come 147,117 lewa due as interest on deposits, members' savings and shares (*quotes-parts*). The rest of the sum is accounted for by expenses of administration, salaries, indemnities etc.

#### § 5. *Federation of the Co-operative Credit Societies.*

As elsewhere, the need has been felt in Bulgaria of federating the various co-operative societies formed for similar objects. This movement is only of recent date, on account of the former scanty development of the co-operative societies. Only in 1907 the need of such centralization was felt, after a congress called by the oldest and most flourishing co-operative societies of the district of Rustchuk, in November of that year. The federation began to work, 24th January, 1908, with the following objects:

- (1) To unite all the co-operative societies under one single legal representative ;
- (2) To keep the various co-operative societies in close and constant touch with one another ;
- (3) To promote the interests of the co-operative societies, and protect them by means of inspection and the union of the co-operative societies among themselves and with outside societies ;
- (4) The collective purchase of machinery and chemical manures and the co-operative sale of agricultural produce.

Whilst the federation undertook these tasks, the Bulgarian Agricultural Bank still retained its position as the central institute of credit. The federation however, had the right of fixing the limits within which the various

co-operative societies could ask for credit from the Agricultural Bank. For this purpose the federation several times a year sent to the co-operative societies inspectors belonging to a revising committee especially formed for this purpose at the headquarters of the federation itself on the 1st. December, 1908. Recent provisions have considerably simplified the system of revision and we shall have occasion to mention them in the next number of the Bulletin of Economic and Social Intelligence.

The Federation moreover busies itself in organizing travelling lecturer-ships so as to promote the development of agricultural co-operation in its various branches in Bulgaria.

The following data show the work of the federation. At its start it included 293 co-operative societies out of 369 then existing ; on 30th. June, 1909 its action was extended to 318 co-operative societies, whilst these have now reached the number of 650

Juridically the federation is a co-operative society with limited liability, each member being liable for five times the sum which he has contributed

The working capital of the federation consists :

- (1) of an initial sum of 100 Lewa paid up by each member on entering the federation.
- (2) contributions which each affiliated co-operative society is bound to pay in the ratio of 2 % of its gross profits ; starting from a minimum of 10 Lewa.
- (3) Subventions from the agricultural Department and further profits made by the federation itself, donations etc.

The federation is managed by a board of management of 12 members and a board of supervision consisting of three persons.

The federation of the co-operative societies governed on the principles set forth above, suffered in 1910, after two years' existence, from serious dissensions, which ended in a split and the formation of two separate federations, of which the most important, the " Principal Federation ", has continued to work on the principles we have just indicated.

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# CO-OPERATION AND ASSOCIATION

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## FRANCE.

### I. CURRENT QUESTIONS.

#### Co-operative Agricultural Credit During the Year 1909-1910.

##### Sources :

Rapports présentés par le ministre de l'Agriculture au Président de la République sur le fonctionnement et les résultats des Caisses de crédit agricole mutuel en 1909 et en 1910. (*Reports presented by the Minister of Agriculture to the President of the Republic on the working and results of the mutual agricultural credit banks in 1909 and 1910*).

*Journal Officiel* du 9 décembre 1910 et du 2 septembre 1911 (*Journal Officiel* of December 9th., 1910 and September 2nd., 1911)

Dix ans de crédit agricole. - Ministère de l'Agriculture Service du crédit mutuel et de la co-opération agricoles. (*Ten years of agricultural credit. Ministry of agriculture. Agricultural mutual credit and co-operation service*) Paris, Imprimerie Nationale, 1910

II SAGNIER : Le crédit agricole en France. Ses origines, son essor, son avenir. (*Agricultural credit in France. Its origin, its progress, its future*) Paris, Librairie agricole de la Maison rustique, 1911.

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#### § 1. The Various Forms of Agricultural Credit in France.

The institution of an organic system of agricultural credit which, on account of the special conditions under which the agricultural industry is developed, constitutes one of the hardest problems of rural economy, has been very slow and difficult in its working out, especially in France. (1).

(1) For the history of agricultural credit in France, see the excellent work by M. Sagnier cited at the beginning of this article. Cf. also : *Bulletin of Economic and Social Intelligence*, Dec. 31st., 1910, pp. 279 and 274, and April 30th., 1911, p. 85.

The idea of granting credit to farmers first appeared at the time when the agricultural movement which had begun in the middle of the last century had become assured. Economists, agriculturists and statesmen had been agitating for it for about forty years, arousing discussions, inquiries, bills and orders of the day in great number. The matter ended by some more or less unhappy attempts, such as that of the Central Bank for Agricultural Credit, founded in 1860, and the Credit Foncier, which finally collapsed in 1876 as the result of speculation. According to the most authoritative writers, the main reason for this failure was a lack of clear ideas on the nature of agricultural credit, and especially on account of the dominating idea that prevailed at that time, namely, that the agricultural banks were nothing but ordinary banks and that they ought consequently to adopt the same criteria and the same methods towards farmers as towards industrial or commercial men. Excessive centralisation, the spirit of speculation, the absence of the mutual element, these are the essential defects which retarded the adoption of a credit system.

The period from 1880 to 1885 was the prelude to a new point of view. The example of other countries, and especially of Germany and Italy, a Report by Léon Say which drew the attention of the French agricultural world to the excellent development of agricultural credit in Lombardy, the encouraging results obtained in the matter of urban credit by the Popular Bank of Mentone, all these facts convinced those who were at the head of the movement that agricultural credit, in Say's now celebrated phrase, ought not to be organised *from above*, but *from below*; it was started for the most part by the initiative of the persons interested, united in the bonds of mutuality.

In the meanwhile, the new agricultural professional movement, favoured by the Law of 1884 on syndicates, extended the practice of association to the various parties of rural activity, and thus prepared the ground for mutual credit. In 1885, the Syndicate of Poligny (Jura) organised the first agricultural credit society, and its example was soon followed by the Syndicates of Senlis (Oise) and Die (Drôme).

It was at this time that the *Central Federation of Popular Credit* began to found, under the direction of M. Charles Rayneri, its agricultural banks collective societies, with variable capital, in the Department of the Maritime Alps. M. Rostand became the apostle of the organisation of agricultural credit in the Department of Bouches-du-Rhône, which was founded under the aegis of the Savings Banks. The latter, supporting the credit of the local mutual societies, had to carry back to the land which had reproduced it the capital formed of the savings of the farmers. Lastly, M. Durand started a strong propaganda in the region of Lyons in favour of the Raiffeisen banks. The *Union of Rural and Workmen's Banks*

*with limited liability* was then formed, joining them into an important federation.

The Government and Parliament did not wish the teachings of this spontaneous and fertile movement to be lost ; it desired to bring about an *organic* system of agricultural credit which could be extended to all parts of the country. Jules Méline became the supporter of this great reform.

The principle that the credit for the current operations of the agricultural industry should be organised *from below* and based on mutuality, professional trust and personal guarantee, now prevails everywhere. The question is one of offering to farmers a simple and elastic type of society, free from formalities and fiscal charges, and such, in fact, as can easily be assured in the various agricultural regions. The Méline Law of November 5th., 1894, which founded the *local mutual agricultural credit* banks based on the syndicates and getting their members from them, was therefore passed. This kind of banks enjoys a special régime in comparison with the other institutions that it was possible to form up to this time, in accordance with the Law of 1867 on societies with variable capital and these banks are subjected to a minimum of formality ; at the time they are founded, they must deposit the list of their administrators and members at the record office of the Justice of the Peace, and also, once a year, must send in the list of their members and the summarised table of their receipts and expenses. They are exempted from payment of licences and the tax on personal estate.

The local bank is a commercial society and consequently must submit as far as its book-keeping is concerned, to the prescriptions of the Commercial Code. It may carry on the same operations as a bank.

The capital must be constituted by shares (*parts*), and must be formed of nominal shares exclusively subscribed by the members. These shares may bring in a fixed interest of not more than  $3\frac{1}{2}\%$ , but they must not pay any dividend. When  $\frac{3}{4}$  of the profits have been set aside for the reserve fund, the remaining quarter is distributed to the members in proportion to the operations that they have had with the bank. The law leaves the local banks perfectly free to fix in their rules the kind of administration that they prefer, the degree of liability of their members and the way in which they intend to distribute the profits.

As to the co-operative spirit animating the local banks, those banks created by the law of 1894 resemble the rural Raiffeisen banks, but they differ from them as far as capital, liability and distribution of the profits are concerned. A study of these banks from this point of view will show that they greatly resemble the Schulze Delitsche type.

However, a large number have adopted the system of joint and several liability : this tendency seems likely henceforth to prevail among the organisers of mutual credit.

During the five years from 1894 to 1899 the local mutual credit banks existed on their own resources, without any assistance from the State (1) like the collateral groups of the Rostand and Durand Banks. But if the supporters of independent credit cite this fact as an example to be followed, it is certain that the insufficiency of capital available prevented the local societies from extending and spreading. A new tendency was soon manifested, that of offering the societies the means permitting them to face the growing needs of rural life.

A good occasion soon occurred for soliciting the intervention of the State for this purpose. The privilege which had been accorded to the Bank of France more than a century before had expired, and the Law of November 17th., 1897, which renewed this privilege up to 1920, obliged the Bank to pay over to the State every year a sum corresponding to the eighth of the discount on its bills at interest. This sum was not to be less than 2 million francs, and the Bank further put at the disposal of the State, without interest and for the entire duration of its privilege, a sum of 40 millions. The whole of this payment together with the advance was to be devoted to agricultural credit.

After long discussions on the criteria to be applied in the distribution of this money to farmers and to the associations, the idea of creating a central institution of the type of the Prussian Central Bank was at first excluded. The principle of decentralisation that Méline so strongly defended then prevailed, and thus we arrived at the Law of March 31st., 1899, which created the *regional banks of mutual agricultural credit*.

These societies are formed on the same principles as inspired the foundation of the local banks, and the same juridical form was adopted for them. They exercise in regard to these the function of institutions of the second degree, unite them together in regional groups, and transmit to them the means gratuitously accorded by the State. Their action is at first limited to facilitating the ordinary credit operations at short date made by the members of the local societies and guaranteed by the latter. This sphere of action is extended little by little, as we shall soon see.

In order to fulfil their first task, which is always their fundamental one, the regional banks discount the bills signed by the members of the local societies and endorsed by the latter. They also grant loans to the local banks in order to enable them to constitute a working capital.

The regional banks may obtain gratuitous loans out of the State funds coming from the Bank of France up to the amount of four times their paid-up capital and for the duration of five years, unless the period

(1) In 1898, the local banks numbered 136, which number had reached 3,000 in 1910, as we shall see.

be renewed. A special Commission has to deal with the distribution of these sums, and a corps of inspectors supervises the regular working of the societies. The Law established that the interest on the shares must not be more than 5 %, and that the maximum deposits and bonds which the societies have the right to issue shall not be more than  $\frac{3}{4}$  of the sum total of their bills in hand.

Further, they may rediscount their bills with the Bank of France or with other large credit institutes. The bills must bear the three required signatures before they can be negotiated, those of the farmer, the local bank and the regional bank.

Two years after the promulgation of the Law, there were already 16 of these banks at work, and this number had risen to 96 in 1910, or more than one per Department.

The new needs of agriculture, which are taking more and more of an industrial character every day, the progress made by the co-operative idea in agricultural production, the growing necessity for small families to develop and consolidate the small properties which are threatened by too minute a parcelling out and by the rural exodus, all these facts have brought about an extension of agricultural credit and consequently the new attributes of the bodies created for the purpose of realising it. Side by side with agricultural credit at *short date*, there is the *long date* credit granted to co-operative societies by the Law of 1907 and to farmers individually by the Law of 1910.

We have already spoken of these measures in preceding Bulletins (1). It will be sufficient now to recall here that according to the Law of December 29th., 1906, the regional banks may grant loans to co-operative production societies, and societies for the transformation and sale of agricultural products for a period of 25 years at a very low interest (2 %) and up to double the amount of the paid-up capital. For this purpose the State may grant loans without interest to the banks, which must not exceed altogether the third of the annual sum paid by the Bank of France.

In application of the Law of March 19th., 1910, the regional banks may grant loans to farmers, through the intermediary of the local societies, up to the amount of 8,000 francs, for the purpose of buying or improving small landed properties; these loans must be paid back by yearly instalments in 15 years. For this purpose the State assigns, gratuitously, a part of the fund formed by the annual payments of the Bank of France to the regional banks, in sums not exceeding altogether the double of their paid-up capital.

In addition to the mutual societies, the mechanism of which we have briefly indicated, and in addition also to various groups of independent

(1) Bulletins of Dec. 1910, p. 274 and April, 1911, p. 207.

rural societies, like the Durand banks, there are some large financial institutions which deal indirectly in agricultural credit operations with farmers. These institutions discount agricultural bills and warrants (2). The Bank of France, which has dealt especially in agricultural credit for many years past, particularly for the purpose of making the purchase of cattle easier in the large cattle breeding districts like Normandy and Savoy to cite but one example, may be instanced as one of these institutions.

It was so engaged even before the foundation of co-operative credit.

If we wish to make a distinction between the various forms of French agricultural credit, we may divide them in the following manner :

1) *From the point of view of the character of the organs dealing in it :*

a) agricultural credit subsidised and regulated by the State (local and regional banks) ;

b) mutual agricultural credit not subsidised and independent (rural Durand banks, agricultural Rostand banks, Rayneri societies, etc.);

c) non-co-operative agricultural credit (Bank of France and other financial institutions) ;

2) *from the point of view of its nature and object :*

d) short date personal credit for the current operations of private persons and associations (exercised by all the institutions comprised in No. 1) ;

e) long date personal credit (with a real supplementary guarantee) for the purchase and improvement of small properties (exercised by the institutions indicated under the letter a) ;

f) long date personal credit (with a real supplementary guarantee) in favour of co-operative societies (exercised by the regional banks indicated under the letter a).

The institutes fundamentally intended for agricultural credit are at present the mutual regional banks and the mutual local banks. These form the system of mutual subsidised credit. Their chief operations are for short date credit with a personal guarantee, which operations are very typical of the credit granted to farmers.

In the course of this article we shall have occasion to speak of the working of the agricultural credit that we have distinguished in categories a and b of No 1, and of the results furnished during the period 1909-1910. As to non-co-operative agricultural credit, we shall speak of it in connection with credit in a forthcoming Bulletin.

(2) For the agricultural warrants, governed by the Law of 1906, see April Bulletin, 1911, p. 211.

§ 2. *Mutual subsidised agricultural credit and the results obtained during 1909-1910.*

We find, in the Annual Report of the Minister of Agriculture which is drawn up on broad lines, a table giving an encouraging aspect of the working and results of the mutual credit banks in 1910.

I. REGIONAL BANKS.

1. *Number of the regional banks. — Loans received.* — There were 95 of these banks in 1909, and another one was formed in the following year. In 1910, the banks received 11,386,815 francs from the State in loans, against 9,825,290 francs in 1909. Altogether, the sums put at the disposal of the above mentioned banks in 1910 amounted to 57,177,425 francs.

The greater part of this sum, namely, 50,442,585 francs was assigned in conformity with the Law of 1899 for the purpose of meeting the discounting of the local bank bills and constituting their working fund. A small part only was used for carrying out the laws of 1906 and 1910, as will be seen by the following table :

SITUATION	Loans granted in accordance with the laws		
	1899	1906	1910
	francs	francs	francs
On December 31st., 1909 . . . . .	44,108,688	2,122,775	—
In the course of 1910 . . . . .	6,773,550	2,284,265	2,329,000
Total . . .	50,882,238	4,407,040	2,329,000
Repayments to the State . . . . .	439,653	1,200	—
Remaining at their disposal on December 31st., 1910 . . . . .	50,442,585	4,405,840	2,329,000
Total . . .	57,177,425		

2. *Advances to regional banks for short date credit.* — The official Report shows how the advances for short date credit were distributed



up to 1910 among the regional banks. If we group them together in classes according to the amount they received, we see that :

6	regional	banks	received	loans	up to	. . . . .	50,000	Fr.
17	"	"	"	"	from	50,000 to	100,000	"
25	"	"	"	"	"	100,000	"	250,000
21	"	"	"	"	"	250,000	"	500,000
12	"	"	"	"	"	500,000	"	1,000,000
10	"	"	"	"	"	1,000,000	"	2,000,000
5	"	"	"	"	"	2,000,000	"	4,000,000

A considerable proportion of them received, therefore, from 100,00, to 500,000 francs in loans ; a large number, about a third, had much more from half a million to 3,900,000 francs.

As we have seen, mutual agricultural credit, according to the Law of 1899, is based almost exclusively on advances from the State. The importance of the sums attributed to each of the banks is therefore an index that must not be neglected if the extension acquired by this form of credit in the different agricultural zones of France is to be estimated.

We see, for instance, that in the 6 regional banks which obtained loans not exceeding 50,000 francs are comprised nearly all the banks whose operations are confined to the mountainous districts (the banks of Corrèze and Corsica), where the cultivation is poor and semi-pastoral, or in the hilly districts where the average crop is wheat and a large part of the territory is covered with forests (Ille-et-Vilaine). These are the districts where the density of the population is lowest. Generally speaking, properties of average extent and small properties predominate here, as also the system of direct farming. The agricultural syndicates, the primary cells of the whole co-operative system, are very few in number here. Corsica has only 12 syndicates and 7 local banks, while the Department of the Corrèze has 13 syndicates and 5 local banks.

If we consider the group of regional banks which have received from 500,000 to 1,000,000 francs in loans, we see that their activity is spread over zones where cattle raising, dairy farming and cheese making societies prosper, and where there are a large number of agricultural syndicates. Let us take as examples, Upper Savoy, which has 183 syndicates and where the regional bank received loans to the amount of 637,000 francs, Lower Marne, where there are also 183 syndicates and the loans granted were 620,000 francs, Dauphiné, where the corresponding figures were 201 and 890,000, and Upper Pyrenees, a Department which is renowned

for its horse breeding. The operations of these banks extend also to the regions of the plains and hills where there are rich crops of cereals and productive vineyards. And, in this connection, we might cite the Departments of Indre-et-Loire, which counts 863 syndicates and received 820,000 frs., and Côte-d'Or, with 109 syndicates and 514,000 fracs.

The 6th. group includes the banks which received loans for sums varying from one to two million francs. These carry on their operations mainly in regions devoted to intensive vine cultivation. Gers has 72 syndicates and 120 local banks, the Department of Gironde 109 syndicates and 58 local banks, and this is a region renowned for its Bordelais vineyards, which are smaller in extent than those of Hérault but are in the first rank as regards the value of their products, since these reach 100 million francs, or  $\frac{1}{12}$  of the total value of the vine produce of France. Other regional banks cover the great cattle raising districts like that of Maine (Sarthe), or rich cereal, beet, etc., crops, like Pas-de-Calais and Loire-et-Cher.

The 7 banks of the last group, which received loans from 2 to 4 million francs, mainly serve districts of rich cereal and industrial crops, as the bank of Beauce and Perche, districts of intensive mixed crops including cereals, potatoes, fodder, vines and fruit, as those of Seine-et-Oise and Seine-et-Marne, and those rich in vineyards as the bank of the South, serving five Departments, three of which are eminently vinegrowing, those of Aude, Gard and Hérault. The bank of the South received the highest amount in loans, namely, 3,861,000 francs.

Among the 212 local banks of the South, 74 belonging to the Department of the Aude, where there are 54 syndicates. This region is very rich in vineyards, which extend over 120,000 hectares and produce on an average 5 million hectolitres a year. The Department of Hérault, which includes the prosperous vineyards of Languedoc, the widest in extent in France since they cover 180,000 hectares and produce 12 million hectolitres a year, has 128 local banks and 73 syndicates.

In fact, if we consider the extent of subsidised mutual agricultural credit in relation to the agricultural conditions of the country where the institutions carry on their operations, and apart from historical factors, we see that the greatest development of this credit is in the zones devoted to cattle raising, the growing of industrial crops and the culture of the vine. And these are, in effect, the agricultural operations which require the largest advances of money.

3. *Advances to regional banks for long date collective credit (to co-operative societies).* — The advances granted by the State to the regional banks during the period 1908-1910 for the purpose of facilitating credit to the co-operative societies, in application of the Law of 1906, amounted to

4,405,840 francs. Out of 96 banks, 41 benefited by these loans, which were distributed in the following manner :

20 regional banks received loans up to					50,000 Fr.
7	"	"	"	from	50,000 to 100,000 "
8	"	"	"	"	100,000 " 200,000 "
2	"	"	"	"	200,000 " 300,000 "
2	"	"	"	"	300,000 " 400,000 "
2	"	"	"	"	400,000 " 500,000 "

Among the regional banks which received the largest sums were those whose circumstances include a very large number of social dairies and cheese factories, wine vaults and distilleries. Thus, the regional bank of Upper Savoy received 379,500 francs and granted loans to 16 *fruit growers* for sums varying from 6,000 to 60,000 francs, the bank of Upper Normandy, which includes a part of the Lower Seine, received 475,000 francs and granted loans of 80,000 francs each to the dairies of Ancourt and Nolleva, as well as 140,000 francs to the distillery of Anneville-sur-Seine. The banks of Var and the South, which, as we have seen, have very rich vine and oil farms in their districts, received respectively 302,535 and 422,700 francs.

The following shows the loans granted by the regional banks to the agricultural co-operative societies from the putting into execution of the Law of 1906 :

	At the end of 1909	At the end of 1910	In the course of 1910
Co-operative Societies which received loans . . . . .	65	131	66
Number of members . . . . .	6,415	16,497	—
Paid up Capital . . . . .	1,351,204	2,721,245	—
Loans received . . . . .	2,122,775	4,405,840	2,283,065

The 131 co-operative societies which received loans up to the end of 1910 were divided in the following order:

Dairies and butteries . . . . .	29
Fruit growing and cheese making . . . . .	26
Co-operative wine societies . . . . .	29
Co-operative wine and oil societies . . . . .	5
Co-operative oil societies . . . . .	5
Distilleries . . . . .	11
Starch factories . . . . .	2
Co-operative societies for the utilisation of agricultural machinery (threshers) . . . . .	17
Different co-operative societies . . . . .	7

The interest received by the regional banks for these loans was generally 2 % : some of them even reduced it to 1.50 % and 1 %. According to the law, the duration of these loans should not be more than 25 years : in fact, it is generally not more than 15. Up to December 31st., 1910, the co-operative societies had not made any repayments, because the Commission had thought it advisable to leave them an interval of three years before beginning to pay the first instalments. In the course of 1911, however, certain societies began to pay in these sums.

The writer of the Report further recommends the regional banks to repay these loans regularly, and he cites as an example a small vine-growing society of Var, the co-operative society of Brue-Auriac, which thanks to the good crops in this zone and the high price of wine in 1910, has succeeded in completely repaying a loan of 16,400 francs which it had received in 1909 and which was to be repaid in 15 years.

4. *Loans granted to regional banks for long date individual credit.* — The advances granted by the State to the regional banks for the purpose of facilitating, in application of the Law of 1910, which did not enter into force until the end of that year, the purchase and improvement of small properties, reached, as we have seen, 2,329,000 francs ; this sum was divided between 28 banks, in the following manner.

17 banks received loans up to				50,000 Fr.
6	"	"	from	50,000 to 100,000 "
5	"	"	"	100,000 " 200,000 "

The banks which obtained the largest sums were those of Dauphiné, Ile-de-France, Marne, Indre and Vendée.

Out of the 28 banks which were subsidised, there were 14 which granted 205 loans for 864,190 francs, or an average of 4,215 francs per loan. The highest average was furnished by the loans granted by the regional bank of Maine. The average amount of five of these loans was, in fact, 6,448 francs.

In the official Report it is pointed out that the first trials in this new service of the regional banks were not accomplished without first overcoming great difficulties. The banks did not pay sufficient attention to the import of the Law ; they did not remark that, for this new branch of credit the administration could only dispose of two-thirds of the sum paid by the Bank of France, that is to say, of 3 or 3½ millions a year. It was believed, also, that the object of the Law was to put funds at the disposal of any class whatever of farmers, in order that they might enlarge and improve their property, or free themselves from a mortgage debt. In fact, the regional banks presented such a quantity of demands, especially from persons desiring to get free from old debts, that hundreds of millions would

have been necessary to satisfy them. Now all the demands could not be granted, not only because the special advances were insufficient, but also because many of the demands were not of the nature aimed at by the Law. As the Minister pointed out "the law proposed first of all to keep on the land young men desirous of settling themselves on it, by putting at their disposal the sum which would allow them to acquire a small farm, or to enlarge or improve that which they already possessed. The loan for clearing off a mortgage could only be granted as an exception".

The writer of the Report then recommends the regional banks to keep scrupulously to these criteria when they are considering demands for loans.

On the other hand, it is claimed on various sides that larger funds should be voted for this purpose. At the Congress of Agricultural Syndicates held not long ago at Evian-les-Bains (1) an order of the day was voted demanding that the regional banks might take for this purpose the money necessary for them from the National Old Age Pension Fund, like the Land Credit Societies instituted by the Law of 1908 on small properties (2).

However that may be, the writer of the Report, in consideration of the rapid increase of the demands, undertakes, when the loans at present being granted lead to the expected results, to arrange that new resources be assigned to the regional banks so that they may accomplish their task on a larger scale

5. *Resources of the regional banks.* — The resources of which the regional banks make use for the normal operations authorised by the Law of 1889 may be classed as follows :

Paid-up capital . . . . .	15,912,801 Fr.
Reserve fund . . . . .	2,868,544 „
State loans . . . . .	50,442,585 „
Average amount of deposits . . . . .	2,200,000 „

Total . . . 71,423,930 Fr.

against 61,823,926 francs in 1909.

Altogether, at the end of 1910, the subscribed *capital* was only 17,493,225 francs, and the paid-up capital 15,912,801 francs, which is not a very large amount when compared with the State loans, which up to the same date amounted to 50,442,585 francs.

The contributions of the local banks amounted to 9,800,223 francs, or about  $\frac{2}{3}$ .

As far as the banks are concerned, their paid-up capital varies from a minimum of 7,175 francs (Ille-et-Vilaine) to a maximum of 1,021,400 frs.

(1) See: *Bulletin of Social and Economic Intelligence*, October, 1911, p. 43.

(2) See *Bulletin of Social and Economic Intelligence*, December, 1910 pp. 274 and 320, and October 1911, p.

(South). About half of the banks have a paid-up capital of less than 100,000 francs ; for 22, the sum varies from 100,000 to 200,000, for 6, from 200,000 to 300,000, for 8, from 300,000 to 500,000, for 5, from 500,000 to 700,000 and for 3, from 700,000 to a million francs.

Among those with the largest paid-up capital, if we do not take into consideration the extent of their field of action, are the banks which, as we have seen, received the largest sums in loans. These loans are, further, in proportion to the paid-up capital. Thus, for instance, the banks of Beauce and Perche have a paid-up capital of 826,000 francs, those of Marne, Aisne and Ardennes 937,000 francs, and that of the South 1,021,400 francs.

The *interest* paid to their shareholders by these regional banks varies from 3 to 4 %. A third of them give 3 %, another third  $3\frac{1}{4}$  or  $3\frac{1}{2}$  %, and the last third 4 %.

On December 31st., 1910, the *deposits* received by the regional banks amounted altogether to 16,632,208 francs. The average credit balance was from 2,253,602 to 2,604,106 francs. Writers on this question deplore the fact that the banks have not tried to get in a larger number of deposits, which, if they were to be added to the property of the banks, would constitute the basis of their assets and would permit them to gradually free themselves from the necessity of the financial intervention of the State.

The amount of the deposits, however, tends to increase ; in fact, in 1906 the amount of the deposited funds was only 6,721,369 francs, and the average credit balance varied from 591,529 to 829,519 francs.

6. *Discounts and loans.* — The discounts and loans made in 1910 by the regional banks, including the renewals, which amounted to 62,656,690 frs., reached the sum total of 130,865,263 francs against 123,222,174 francs in 1909. Without counting the renewals, the situation of the regional banks in 1910 may be summed up as follows, in comparison with 1909 :

	1910	1909
	francs	francs
Direct loans for working capital . . . . .	1,251,220	1,480,180
Loans in the form of discount of bills representing new loans . . . . .	66,957,353	61,262,856
Loans made before the end of the previous year	40,971,508	38,022,643
Total . . .	109,180,081	100,765,679
Repayments received during the year . .	59,887,572	59,502,996
Loans running at the end of the year . .	49,292,509	41,262,683

This comparison between the situations of the two years shows that the loans granted for the purpose of forming a working capital decreased by nearly 230,000 francs, while the loans in the form of discount increased by 5,694,397 francs. If the repayments were not very large in 1910 and exceeded by a little only those of 1909, that fact is due to the bad crops all over France in 1910.

The short date loans granted in 1910 to the syndicates and other groups of farmers are included in the above figures, and amounted to about 12 1/2 millions.

If the loans granted in 1910 for discounting new bills be taken into account (it is well known that the discounting is the most important of the operations of the regional banks), the figure of 66,957,353 francs may be divided among the banks as follows :

8 regional banks discounted bills up to					50,000
41	"	"	"	from 50,000 to	250,000
16	"	"	"	" " 250,000 "	500,000
14	"	"	"	" " 500,000 "	1,000,000
12	"	"	"	" " 1,000,000 "	3,000,000
4	"	"	"	" " 3,000,000 "	8,000,000

Among the banks which discounted the largest sums were those of Gironde (2,294,203), Beauce-et-Perche (4,744,023), Cher (4,352,692), and the South (8,363,000), which, as we have already seen, have districts covered with rich crops and extensive vineyards.

If we add the normal operations of the regional banks to the extraordinary ones mentioned above, we have

Loans granted for current operations (Law of 1899)	109,180,081 Fr.
Loans granted to co-operative societies (Law of 1906)	2,284,265 "
Individual long date loans (Law of 1910)	864,190 "
<hr/>	
Total	112,328,536 Fr.

7. *Rate of discount.* — The greater part of the regional banks (55) have adopted a rate of 3 %, 3.50 % (20) and 3.25 % (10) ; 3 that of 4 % ; and 5 of 2%. The banks thus tend to adopt a discount rate not inferior to that of the Bank of France, in conformity with the desire of the Supervision Commission.

8. *General expenses.* — These, from 304,017 francs in 1909, rose to 357,567 francs in 1910. If these figures are put into relation with the

total business of the year (112,328,536), including the money engaged in the individual short date credit operations (109,180,081), that engaged in long date credit (864,190) and the new long date loans granted to co-operative societies (2,284,265), we have an average proportion of 0.318 francs % of the loans, against 0.301 francs in 1909. This increase was caused by the delicate organisation of the individual short date loans inaugurated in 1910. The writer of the Report, however, shows that certain regional banks are too extravagant in their expenditure, and he advises greater severity, in order that the sums intended for the reserve fund may not be decreased.

9. *Reserves.* — The reserve funds, which were 2,868,544 francs in 1909, rose to 3,749,689 francs in 1910, being an increase of 881,145 francs.

## II. — LOCAL BANKS

The development of subsidised agricultural co-operative credit appears still better if the business of the local banks be examined.

When it is considered that these fundamental organs of agricultural credit, which started scarcely ten years ago, have passed the following stages:

	Banks	Members
1901 . . . . .	309	7,998
1905 . . . . .	1,335	61,874
1910 . . . . .	3,338	151,621

the vitality of the system will be seen.

In the meanwhile, let us see the operations carried out by the local banks in 1909-1910 (1):

(1) The loans granted by the local banks to farmers, after the deduction of those which had been made before the end of the previous year, are divided in the following manner for the period 1900-1910:

1900 . . . . .	1,910,456	1905 . . . . .	31,459,000
1901 . . . . .	5,170,045	1906 . . . . .	37,141,000
1902 . . . . .	14,302,651	1907 . . . . .	45,376,000
1903 . . . . .	22,451,167	1908 . . . . .	61,310,000
1904 . . . . .	30,235,063	1909 . . . . .	63,742,000
1910 . . . . .	70,533,300		



	1909	1910	Increase
Number of local banks . . . . .	2,983	3,338	355
Number of adherents . . . . .	133,382	151,621	18,239
Subscribed capital. . . . .	13,111,206	14,210,598	1,099,392
Paid-up capital . . . . .	8,470,754	9,916,611	1,445,857
New loans granted during the Year; not including renewals . . . . .	63,742,093	70,533,340	6,791,247
Loans running at the end of the previous Year. . . . .	40,126,197	42,671,323	2,545,126
Total . . .	103,868,290	113,204,663	9,336,373
Repayments received . . .	60,889,309	61,388,806	499,497
Loans running on Dec 31st . . .	42,978,981	51,815,857	8,836,876

The new loans granted in 1910 exceeded those of 1909, therefore, by 6,791,247 francs. The high total of the loans already running is due in large part, as we have already said, in regard to the regional banks, to the bad crops of 1910.

The official Reports do not show the amount of the capital, operations, etc. of each bank, but are limited to supplying this information as a whole for the local banks affiliated to each regional bank.

The Departments which have the largest number of banks are the *Lower Pyrenees* (364 banks, 18,102 members, paid-up capital 297,975 fr., new loans granted in 1910, 1,572,715 fr., reserve, 26,511 fr.), the *Upper Pyrenees*, (145 banks, 3,990 members, paid-up capital, 265,047 fr., loans 287,549 fr., reserve, 7,589 fr.), the *Hérault* (128 banks), and the *Aude* (74 banks). The local banks of these two last Departments form part of the regional bank of the South, which has 212 banks. These 212 banks have 14,557 members and a paid-up capital of 470,825 fr.; they have granted 8,383,310 fr in loans and their reserve fund is 157,257 fr.

The following are among the local banks which have granted the largest number of loans :

REGIONAL BANKS	Number of local banks	Number of members	Paid-up capital	Loans	Reserve
<i>South</i> (Departments: Ardèche, Aude, Garde, Herault, East Pyrenees). . . . .	212	14,557	470,825	8,383,310	157,257
<i>Beauce et Perche</i> (Eure-et-Loire, Eure, Seine-et-Oise, Orne) . .	24	4,025	477,280	4,744,023	109,723
<i>Maine</i> (Sarthe) . . . . .	54	3,464	467,800	3,122,183	42,553
<i>Cambresis</i> (Nord) . . . . .	17	1,720	260,475	2,841,729	98,500
<i>Marne, Aisne, Ardennes</i> . . . .	62	3,977	392,020	2,840,069	64,293
<i>Seine, Oise, Seine-et-Marne</i> . .	31	1,575	623,901	2,424,002	25,023
<i>South-East</i> (Ain, Ardèche, Drôme, Isère, Loire, Upper-Loire, Rhône, Saône-et-Loire, Savoy, Upper-Savoy) . . . .	119	3,896	192,953	2,348,188	37,883
<i>Gironde</i> . . . . .	58	2,826	357,090	2,306,418	34,493
<i>Centre of Normandy</i> (Calvados)	33	2,028	169,150	2,208,455	21,222
<i>Avignon</i> (Vaucluse, Lower-Alpes, Bouches-du-Rhône, Gard, Var) .	16	789	11,322	2,019,601	6,905

The above figures show that the capital of each bank is very limited and that the greater number of them work by the aid of credit supplied by the regional banks; the reserve is also very small. The general rate of interest varies from 2 % to 5 %, but 3 and 3.50 % predominate. The discount rate oscillates between 3 and 5 %, 3 and 3.50 % being the most usual. The banks generally pay 3 % also to the regional banks.

The official statistics do not give any information in regard to the deposits of the local banks.

### III. — GENERAL RESULTS.

The foregoing statement shows that the results obtained during the first ten years of mutual subsidised agricultural credit are very encouraging. The fundamental organs of the system, the local banks, are continually developing and respond better every day to the needs of agriculture.

During the period 1900-1910 credit to the extent of about 384 millions was put at the disposal of the farmer, and the two millions granted in 1900 had risen to 70 millions in 1910.

There are in this, as in every other system, some defects which arise from the eternal conflict due to the necessity for the financial intervention of the State and the difficulty of maintaining a just and strict estimation in the granting of capital without enfeebling private initiative, the feeling of responsibility of the administrators, and the constant endeavour to form a reserve fund, which is the essential basis of a free and independent existence. The very promoters of the system, MM. Méline and Sagnier, have often observed that the large sums put at the disposal of the State by the Bank of France for agricultural credit might be the cause of serious danger and arouse a tendency in the agricultural world to believe that the resources were inexhaustible, and the advances made to the various organs were granted in perpetuity.

Some of the inconveniences which had been foreseen have been verified, as the official Reports testify. It is to be deplored that many of the regional banks do not concern themselves sufficiently in the matter of the repayments which should be made every five years, or in constituting resources of their own — in addition to the reserve which is slowly formed — by means of a larger accumulation of deposits and by the issue of bank bonds.

The result of an inquiry made in 1909 by the Agricultural Credit and Co-operation Service in the recent volume "Ten years of agricultural credit," shows that out of 95 regional banks which are in existence, only 45 had deposits for a total sum of 16 millions; and 14½ millions of this amount, that is, practically the whole of it, were divided between 11 of the banks. The amount of the deposits made with the local banks is not known, but it is certain that it is not high.

As the credit banks have some difficulty in meeting their engagements, and as also they have not sufficient resources, all those who remember that the loan of 40 millions accorded to the State by the Bank of France expires in 1920 are seriously concerned in regard to this situation. It is certainly true, they agree, that the funds formed by the annual payments of the Bank of France still remain, and that these in fact represent double the estimated amount of 2 millions, but it must not be forgotten that the demands for credit are continually increasing, and that, in order to carry on the new long date operations as authorised by the laws of 1906 and 1910, the regional banks will need to have recourse to these funds.

In order to repair these inconveniences, it is maintained that greater supervision and a stricter control should be kept over the management of the credit banks, and that the latter should be more energetic in their endeavour to attract the deposits which would enable them to constitute resources of their own and to prepare for an independent existence. In the meanwhile, the Ministry of Agriculture recently organised and reinforced the inspection and control service of all the mutual credit banks and agricultural co-operative societies which have received loans.

§ 3. *Independent mutual agricultural credit and its results during 1900-1910.*

In our brief consideration of the development of agricultural credit in France, we have seen that side by side with the subsidised organs of mutual credit, there are mutual credit institutions which have kept their self government, remaining independent of all financial assistance from the State.

We will now rapidly examine their nature and the results obtained by them during the last few years.

1. *Rural banks of the Raiffeisen-Durand type.* — These banks, of which Louis Durand was the fervent apostle, are based solely on the Raiffeisen type, and their Catholic character is well marked. Their character, in fact, has been confirmed in a striking manner of late, on account of the tendency of some dissentients who wished to install the principle of neutrality.

From the juridical point of view, these are societies with variable capital governed by the Law of 1867; their members do not possess any shares nor receive any dividends.

The societies use their deposits as a working capital, together with money borrowed either from their adherents or from outsiders, and the profits which have accumulated and which form the reserve; when these sums together reach a quarter of the capital that is held to be necessary for the management of the society, the rate of the loans is lowered to a point which allows of the expenses being generously covered. Loans are granted to the members only, who are usually small proprietors and farmers, for a determinate purpose which is approved in each case by the Board of Management.

If, therefore, there are rich persons belonging to the bank, who assist it when necessary, the basis is still always the co-operative and professional element.

Loans are granted on personal guarantee and on mortgage, often for very long periods; the repayments are made yearly, and the interest varies from  $4\frac{1}{2}$  to  $5\frac{1}{2}$  %. The rate on deposits varies from 2 to  $3\frac{1}{2}$  %.

The members are responsible for the obligations of the society to outsiders, to the extent of the whole of their possessions.

The rural banks have adopted as their own the Communal district and are united in regional or diocesan groups called central banks, which are the organs of propaganda and control, and in addition receive money from the richer banks to lend to the more necessitous, thus acting as credit and savings banks.

There are many of these groups: amongst others we may mention that of Champagne, which includes 64 banks, Lower Loire, (57 banks), Pas-de-Calais (40 banks), etc; and they are continually increasing.

The rural banks are also attached to a great central Federation founded by M. Louis Durand and still presided over by him. This is the *Union of the Rural and Workmen's Limited Liability Banks*, the headquarters of which have been transferred from Lyons to Paris. The development of the Durand banks has been very rapid and prosperous, and they tend to spread through the whole of France. Their number has grown from 17 in 1893 to 443 in 1905 and 672 in 1910, which figure, according to the Union, does not by any means represent the actual total, because many of the banks do not trouble to return the papers sent out to be filled in.

The following is the situation of the banks which sent in their balance sheets for 1909-1910 :

	1909	1910
Number of banks which have sent in an annual report of their operations and which are included in these statistics. . . . .	657	672
Number of members . . . . .	25,078	28,279
Total Business Done . . . . . frs.	17,891,907.86	19,241,963.87
<i>Assets</i>		
Numbers of loans running on December 31st.	8,644	9,396
Total assets . . . . . frs.	10,754,283.27	12,569,915.10
<i>Liabilities</i>		
Number of depositors . . . . .	8,365	9,403
Sum total of deposits . . . . . frs.	9,715,160.75	11,300,450.74
Borrowed from central or regional banks. »	789,893.27	935,216.86
Total liabilities . . . . . »	16,505,054.02	12,235,667.60
Profits. . . . . »	98,524.47	49,124.60
Losses. . . . . »	607.94	1,069.62
Number of doubtful debts . . . . . »	14	14
Sum total of doubtful debts . . . . . frs.	3,277.83	5,506.27

The figures of 1910 mark a considerable progress on those of the previous year. The basis of the active operations is almost essentially constituted by the deposits ; the rural banks have had recourse to the central banks for a small amount only, and the resources of the central banks are, for that matter, almost entirely formed of the deposits of the rural banks. Given the uncertainty of the statistics of these societies, it is not easy to calculate the sums that they have been put at the disposal of the small farmer up to the present. According to an approximate estimate by M. Sagnier, in the course of the five years from 1894 to 1908 they granted about 65 million francs.

2. *Mutual banks of the Rostand type.* — Being enamoured of the idea of directing local savings towards local work, Eugène Rostand persuaded the Savings Bank of Bouches-du-Rhône, of which he is the chairman, to institute mutual local banks and to support them by means of loans.

The Law of 1895, which authorised the savings banks to use a part of their capital for agricultural credit, allowed this institute to assign 20,000 francs to the local banks as loans. Thus during the period from 1894 to 1909 there were 22 of these banks constituted, some of which are subject to the Méline law and others, of the Raiffeisen type, to the law of 1867.

The loans granted by the Savings Bank of Marseilles vary from 1,000 to 6,000 francs, and for the year 1909 amounted to a total of 45,000 francs.

The importance of this Bank's operations is continually increasing ; in 1901, 178 loans to the amount of 82,326 francs were made by 10 of these banks, while this figure had risen to 188,177 francs for 1909. It is calculated that during the period from 1901 to 1909 the banks have distributed 1,142,663 francs to farmers.

Out of the sum of 41,200 francs paid to them by the Savings Bank, the local banks have repaid 32,075 francs, which shows that they have found in their own resources, that is to say, in their deposits, sufficient means for insuring the development of their activities.

3. *Co-operative agricultural credit banks.* — Amongst the credit institutions which have sprung up spontaneously, the co-operative agricultural credit banks based on the principle of the solidarity of all the members, must not be forgotten.

These banks are particularly developed in the Department of the Maritime Alps, thanks to the initiative of the Popular Bank of Mentone, directed by M. Rayneri, and the *Central Federation of Popular Credit*.

These societies cannot issue any shares, and their members do not make any payments, but they are liable for the obligations of the bank to the extent of all their possessions. Their resources are constituted by the deposits, loans, and rediscounting of bills with the Popular Bank of Mentone, which exacts a rate of 4 %.

In consequence of their development, a regional bank was founded in 1899 at Mentone, in conformity with the Law of that year, called the Regional Bank of the Maritime Alps. The co-operative banks then started in the line of credit subsidised by the State, and have in this way maintained a greater vitality.

In 1910 the banks affiliated to the Regional Bank of Mentone numbered 20, with 1,268 members; their capital amounted to 34,000 francs, and the bills received represented 724,819 francs, whereas the bills discounted with the Regional banks only amounted to 266,515 francs.

4. *Other agricultural credit societies.*—In addition to the groups that we have mentioned, there are some isolated institutions of co-operative credit which have kept their independence.

Among these we may mention especially the *Mutual Credit Society of Senlis* (Oise), a society with a variable capital, founded in 1885; its essential aim is to facilitate wholesale purchase by its members, and cash payment for the animals, manures, etc., bought. It also grants loans to its members for 3 or 6 months at a low rate of interest.

Its subscribed capital was 100,000 francs at the time it was founded; a quarter of this only was paid up and was deposited as a current account with the Bank of France. The society was responsible to the latter for the three fourths that remained to be paid up. It was also allowed discount with the Bank with two signatures only, and has worked in accordance with this system up to the present. Its capital is 200,000 francs. The business done in 1908, was 373,000 francs, the loans granted reaching a sum total of 438,000 francs. Of late years it has paid an interest of 5% on the paid-up capital, and has obtained fixed reductions in the purchasing tariff.

The *Agricultural Bank*, founded in 1898 at Boulogne-sur-Mer among the members of the Syndicates of that country, is of a similar type. The Bank is under the régime of the Law of 1894; its capital is 100,000 francs, divided in 200 shares of 50 francs each, and a fourth of the whole is paid-up. One of its main objects is that of facilitating the purchases made by the adhering Cantonal syndicates; the only direct recourse which the farmers have to it is for payment for manure, etc., supplied to it by the syndicates. It discounts its bills with a local bank.

The development of this Bank is remarkable. In 1898 its discounts only amounted to 1,300 francs, while in 1903 this sum had risen to 44,000, and in 1909 to 331,000 francs. The sum total of the discounts from 1898 to 1909 is estimated at 1,734,000 francs.

## II. RECENT NEWS.

### I. — Work of Federations and Central Co-operative Institutions.

**Output of the Co-operative Dairies of the Departments of the Charentes and of Poitou in 1910.** — The reader of this Bulletin is already acquainted with the intense co-operative movement which for some years has been developing amongst the cattle-breeders of the Charentes and Deux-Sèvres, and which has restored prosperity to those regions, devastated by the scourge of phylloxera.

This movement is connected with the powerful *Association centrale des laiteries coopératives des Charentes et du Poitou* (Central Association of the Co-operative Dairies of the Charentes and of Poitou). Let us now examine the work done by these federated co-operative societies in 1910 as shown in their report published in the official organ of the Association.

1. *Number of Societies and Members.* — In 1909 there were 115 dairies with 69,813 members, in 1910 the number of the dairies had risen to 126 with 73,770 members ; the average number of members per dairy has remained almost stationary ; from 600 it has descended to 585.

In Deux-Sèvres there are 26,191 members, in Lower Charente 20,319, in La Vendée 11,678. The society which possesses the largest number of members is that of Saint-Michel-en-l'Herm (Vendée) which has 2,054, while the smallest number is in a society of Deux-Sèvres with only 40 members.

2. *Number of Milch-Cows.* — In 1908, the total number of milch-cows was 165,021; in 1909, they reached a total of 176,689 and in 1910 of 193,581 : last year there was an average of 2.61 cows to each member, and of 1,536 to every dairy. In Deux-Sèvres the numbers vary from 1.33 to 4.59 for each member, and from 150 to 4,000 cows for each dairy ; in Lower Charente from 1.55 to 4.91 each member, and from 400 to 2,700 each dairy; in La Vendée from 1.60 to 3.33 each member, and from 450 to 4,400 each dairy.

The federated dairy which possesses the largest number of cows is that of Dangé (Vienne); (6,663) and the members are 1,247 thus giving 5.32 cows to each associate.



3. *Produce of Milk.* — In 1910 the federated dairies received 307,806,097 litres of milk, showing an increase of 25,656,020 litres over the quantity received in 1909, and 61,500,000 over that in 1908. In these two years therefore there was an increase of 20 %.

The production of milk in 1910 is as follows :

Deux Sèvres . . . . .	109,909,363 litres	(36.6 %)
Lower Charente . . . . .	87,483,319 „	(27.4 %)
Vendée . . . . .	49,961,040 „	(16.2 %)
Other Departments . . . . .	60,452,375 „	(19.8 %)
Total	307,806,097 „	100.0 %

The annual average per dairy is as follows :

Deux Sèvres . . . . .	2,156,031 litres
Lower Charente . . . . .	1,901,811 „
La Vendée . . . . .	3,122,565 „
Other Departments . . . . .	2,878,684 „

The dairy which has had the largest supply of milk is that of Dangé (Vienne) = (9,885,192 litres), and this dairy, as already mentioned, possesses a greater number of cows than any other.

If we consider the quantity of milk produced in proportion to the number of cows, we find the average annual produce to be 1,590 litres per cow; that of Deux-Sèvres 1,660, of Lower Charente 1,950, of Vendée 1,620. This computation gives an increase of from 50 to 100 litres over the average of 1908.

The writer of the article we quote justly observes that these figures are only of relative importance, because the quantity of milk is not the chief factor in its value, especially when considered in connection with the butter industry. Richness in fatty matter and the total annual production of butter are the grounds on which to estimate the value of a milch-cow. Dairy societies should always keep this principle in mind, and the best way to put it in practice would be to pay for the milk according to the amount of fatty matter it contains ; but as the state of things is scarcely ripe for this system, the Association adopts temporary measures, and especially promotes competitions in butter-making.

4. *Butter Made.* — The federated co-operative societies in 1910 made 14,621,822 kgs. of butter, an increase of over one million kgs. over the product of 1909.

## Data per Department ;

Deux-Sèvres . . . . .	5,476,213 kgs.	37.5 %
Lower Charente . . . . .	3,920,926 „	26.8 „
Vendée . . . . .	2,381,171 „	16.3 „
Other Departments . . . . .	2,843,512 „	19.4 „
	14,621,822 „	100.0 %

The general average yield is 1 kg. of butter for every 21.04 litres of milk ; one department differs from another according to breeds etc. For instance, in Deux-Sèvres 20.09 litres are the average for one kg. of butter, in Lower Charente 22.31, in Vendée 20.98, in the other departments 21.26.

The dairy which has the highest output of butter is that of Deux-Sèvres, employing 4,180,661 litres of milk of 2,330 cows, the lowest output is that of Lower Charente with 3,020,070 litres of milk of 1,200 cows ; these figures representing respectively averages of 1,794 and of 2,516 litres per cow. In the first instance the annual production is 98,100 kgs. of butter per cow ; in the second 105,700.

It is desirable to note that the butter of Charente was sold for 2.77 frs. per kg., that of Deux-Sèvres at 3.05 frs. per kg. ; showing that the yield of a cow of the first is equal to 299.80 francs while that of a cow of the second does not exceed 293 francs. It is to be understood that these figures do not include the value of the separated milk.

The annual average yield of butter per cow and department is as follows :

Lower Charente . . . . .	Kgs. 89.05
Deux-Sèvres . . . . .	„ 82.66
Vendée . . . . .	„ 77.42

As three or four years ago the average varied from 70 to 72 kgs., the advance is remarkable, but, as our authority remarks, "there is still a long way to go" before reaching the yield due from each cow (the conditions of the region being taken into consideration), that is 110 kgs."

To arrive at this end, he recommends cow-keepers to note carefully how much each animal produces, so as to be guided in selection; besides he advises a complete change in the winter feeding of milch-cows, that it should be plentiful, consisting largely of oil-cake.

5. *Market Price of Butter.* — In 1910 high prices were maintained, the general average for all the dairies being 2.81 francs per kg. In Deux-Sèvres the medium price was 2.87 francs, an increase of 0.09 francs above that of the preceding year ; in Lower Charente 2.75 francs (2.57 in 1909) in Vendée 2.86 francs (4.68 in 1909).

6. *General Expenses.* — With the increased production, general expenses have proportionally diminished. Balanced against the amount of the sales, they did not exceed an average of 12.04 % and if to this be added the value of the separated milk at about 2.50 francs the hectolitre, they are reduced to 10.5 %.

General expenses vary according to locality, and fluctuate between a maximum of 0.37 francs and a minimum of 0.005 francs; they amount to 0.0172 for Deux-Sèvres, to 0.0112 for Lower Charente and to 0.014 for la Vendée. These differences depend almost exclusively on the railway rates, etc.

7. *Net Produce.* — The year 1910 was from all points of view exceptionally favourable for the butter industry. If to this be added the output of cheese, every litre of milk yielded 0.1583 francs net in Deux-Sèvres, 0.1370 in Lower Charente, and 0.1434 in Vendée, always placing the value of separated milk at 2.50 francs the hectolitre.

The article from which we quote concludes by showing how admirably the cheese industry helps that of milk; for milk which has been subjected to centrifugal machinery is worth at least one centime and a half more or 11 % of the total value of the milk. When this industry is wider spread, as there is reason to hope it will be, the agriculturists of the district may realise, besides the ten millions produced by butter, nine millions more from separated milk, five millions of which sum will come from cheese.

(Summarised from *Industrie du beurre*, Niort, 3rd Sept-15th Nov., 1911).

## 2. — Miscellaneous Information.

1. *Co-operative Agricultural Flour-mill at Condom (Gers).* — In the Bulletin of December, 1910 we referred to this interesting effort of co-operation, which in France is an innovation in this trade; but before relating the results obtained by the society in the third year of its existence, it may be desirable to recall to the reader the general outlines of its working.

It was founded with a capital of 25,000 francs (which has since risen to 34,750 francs) divided into 1,000 shares of 25 francs, the interest on which is limited to 4 per cent. The Commission appointed to distribute agricultural credit loans granted the society a loan of 60,000 francs, of which it has already repaid 11,538 francs. The co-operative society at Condom, has from its foundation brought to perfection direct relations between producer and consumer by selling wheat in the form of bread. It has a mill

with five silos in reinforced concrete, three ovens and dépôts for the sale of bread in the neighbouring communes.

The society exchanges the wheat of its members for bread tickets at the rate of 72,500 kilogrammes of bread for 80,000 of wheat. Its work is producing excellent results, and its trade is continually increasing.

According to the report of 1910-11, the mill received in that period wheat to the following amount :

1. Wheat exchanged for bread . . . . .	848,040 Kgs.
2. Wheat paid for in ready money . . . . .	254,742 „
3. Wheat received to be ground . . . . .	279,967 „

Total . . . 1,382,749 Kgs.

that is about 17,200 hectolitres.

The returns have been satisfactory :

Flour . . . . .	72 Kgs.	149 %
Refuse . . . . .	26 „	626 %

Total . . . 98 „ 775 %

The bakery connected with the mill has made 862,517 Kgs. of bread that is 2,400 Kgs. per day. Each loaf weighs 700 grammes. The average price of the bread has been 32 centimes per kilogramme.

The balance-sheet shows a profit of 15,000 francs after payment of all expenses, including the annual repayment made on the loan advanced by the regional bank of agricultural credit at Gers.

But it is of special importance to point out that the members of the society who have sent their wheat to the mill have received a balance of 2.50 francs per hectolitre of 80 kilogrammes, and that they have sold their wheat at the rate of 30.62 francs per quintal.

(Summarised from the *Journal d'Agriculture pratique*. Paris, 12th. Oct., 1911 and the *Annales des Mutualités et de la Co-opération agricoles*. Paris, Dec., 1911).

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2. A Co-operative Society for the Production of Seed was formed last year among some agriculturists of Pas-de-Calais. — Its object is :

(1) to produce selected seeds from well known varieties which have been tried in that district ;

(2) to try new varieties which are to be introduced ;

(3) to encourage the sale of seeds thus obtained by guaranteeing their authenticity ;

(4) to ensure cultivators against impure seeds, and against the purchase of varieties which they already possess, offered under another name.

The society has opened shops at Château d'Eau and at Arras, and their seed is of excellent quality. The seeds sold are the result of careful cultivation, and are produced from seeds approved by a special commission appointed to examine the land sown, to assure themselves of the progress of growth, and as far as possible to see that the plants are free from cryptogamic diseases.

When the said commission has approved of the crops, the seeds are selected according to their size and density. This is effected by means of a Marot sorting machine which is furnished with cells so arranged as to eliminate all the small seeds and those of any other species. The larger seeds are then passed through an air turbine, which separates them according to their density and they are finally examined and analysed by the Agromonomical Station of Pas-de-Calais.

(Summarised from the *Annales de la Mutualité et de la Co-opération agricoles*, Paris Nov., 1911).

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**3. Agricultural Syndicates and Re-afforestation.** — The propaganda in favour of re-afforestation in France is increasing in activity, especially since the last inundation by which much fertile land was devastated. A bill tending especially to encourage the restoration of forests has been submitted to Parliament (1): various technical associations have been formed with the view of keeping the movement alive, and of facilitating the solution of this important problem.

There is, however, a class of agriculturists firmly opposed to this propaganda: viz: small proprietors who are, as is well known, very numerous in France. The small pieces of land they possess here and there which are not adapted for cultivation, remain bare, while they might be covered with trees, and thus acquire a certain value.

The agricultural syndicates, those first germs of all the systems of association to which French agriculture owes so much, have begun to remedy this state of things. The syndicate exerts itself to point out to its members the advantages of re-afforestation, it receives orders for young trees, and supplies them at considerable reduction; it undertakes the necessary formalities to obtain the thirty years' exemption from taxation, and, in short, accomplishes many duties which an isolated individual could not perform without meeting with many difficulties.

(1) On this subject see the article entitled "Le Reboisement devant le Parlement Français" (Re-afforestation before the French Parliament) published in the last Bulletin.

These initiatives seem already to have had encouraging results. For instance the *Syndicate of Choley*, which, since 1907, has been in connection with the *Société des Amis des Arbres* (Society of the Friends of Trees) has bought on account of its members a large number of forest trees, among w<sup>h</sup>ich are 1,100 beeches, 3,050 acacias, 3,150 birches, 3,400 alders, 5,000 larches, 1,000 pines, etc.

It must be remembered that the agriculturists of the syndicate have been wise enough not to plant their forest trees in the open country, thus avoiding risk to the neighbouring farms. But thanks to their united efforts, sterile and barren "landes" have been transformed into plantations of trees adapted by their nature to the different conditions of the soil.

The co-operative system, facilitated by syndicates, which are henceforth the natural organs of French agricultural association, seems to be among the most efficacious means of overcoming the obstacles in the way of the re-forestation of small holdings.

(Summarised from the *Bulletin de l'Union des Alpes et de Provence*, November, 1911).

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##### b) Other Publications :

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# CO-OPERATION AND ASSOCIATION

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## GREAT BRITAIN AND IRELAND.

### RECENT NEWS.

#### I - Legislation and State Intervention in regard to Agricultural Organisation.

1. **The Agricultural Credit and Insurance Societies Bill.** — In accordance with his intention of putting forward a scheme for the promotion of agricultural co-operative credit in Great Britain, to which we made allusion in our issue of June 30th. (1), Lord Carrington, then President of the Board of Agriculture, introduced the Agricultural Credit and Insurance Societies Bill into the House of Lords on July 18th.

The object of the Bill was to authorise the Board of Agriculture to promote the formation of agricultural credit and insurance societies, and to pay the expenses of formation of such societies, or the management expenses of recently-formed societies, out of the Small Holdings Account (2).

No attempt was made in the Bill to indicate any precise system according to which the societies should be formed, but it was proposed that the rules should be approved by the Board of Agriculture and that the societies should be registered under the Friendly Societies Acts or under the Industrial and Provident Societies Acts. In the latter case the Bill left it open to the societies to provide by their rules either that the liability of the members should be limited by guarantee, or that it should be unlimited,

(1) *Bulletin of Economic and Social Intelligence*, 2nd. Year, No. 6, June 30th, 1911, page 71.

(2) The fund out of which the expenses of administering the Small Holdings and Allotments Acts are paid. See *Bulletin of Economic and Social Intelligence*, 2nd. Year, No. 3, March 31st., 1911, page 228.



The Bill made no provision for finding the capital required by credit societies. On more than one occasion, Lord Carrington stated that the Government looked in the first instance to existing banks for the provision of the capital. To a deputation from the Rural Development Society, which waited upon him and expressed the desire that the Government should lend money to credit societies at  $3\frac{1}{2}$  per cent., Lord Carrington said, however, that he would do his best to meet the wishes of the deputation.

(Summarised from the *Agricultural Credit and Insurance Societies Bill*, and the *Times* May 31st., June 1st. and 2nd., July 19th. and 21st., and August 2nd., 1911).

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2. Grants from the Development Fund (1) for the Promotion of Agricultural Co-operation. — In the First Report of the Proceedings of the Development Commissioners, which embraces the period from May 12th., 1910, to March 31st., 1910, it was stated that on September 3rd., 1910, the Commissioners received an application from the Board of Agriculture for an advance of £20,000 per annum for the organization of co-operation among agriculturists in England and Wales.

"Application was subsequently received", says the Report, "from the Scottish Agricultural Organization Society for a grant not exceeding £1,500 per annum, and from the Agricultural Organization Society of England and Wales for an annual grant of £13,704 (together with a capital sum of £250) to meet the cost of a scheme of complete reorganization of its work. The Commissioners ultimately decided to propose a scheme for the constitution of a representative association, possibly based upon a reorganization of the existing society, to which might be entrusted the expenditure of the sums required for the energetic promotion of co-operation; and meanwhile to make to the society an interim grant of perhaps £3,000 to enable it to carry on its work, of which the Commissioners desire to express a high opinion. The conditions of the interim grant will, it is hoped, be settled at an early date, and the main question in time for operations to begin with the next financial year. The Commissioners have not yet been in a position definitely to consider a recommendation in regard to Scotland, and though an application from the Irish Agricultural Organization Society was known to be in contemplation, at the end of the year it had not reached the Commissioners."

A grant was subsequently made to the Scottish Agricultural Organisation Society. The application from the Irish Agricultural Organisation

(1) See the *Bulletin of Economic and Social Intelligence*, 1st. Year, No. 2, October-November, 1911, page 96

Society was duly received and was referred for consideration to the Department of Agriculture and Technical Instruction for Ireland. The Department, in turn, submitted the application to the Council of Agriculture (1) and in presenting the question to a meeting of the Council on November 14th., the Vice-President of the Department (Mr T. W. Russell) opposed the application on the following grounds :

(1) That it was unsound to grant State money to any organisation that had no real responsibility to the State for spending it ;

(2) That a large part of the trading community would consider themselves aggrieved by the grant ;

(3) That though the Irish Agricultural Organisation Society repudiated the charge of political partisanship, the charge had not been withdrawn by those who made it

(4) That though the Society claimed that it was not a trading body, in his opinion it was a contradiction in terms to speak of a non-trading body which boasted of affiliated societies with an annual turn-over of more than £2,000,000 sterling.

As an alternative policy Mr. Russell proposed that the Department itself should promote agricultural co-operation of a non-controversial character and that funds for this purpose should be provided out of the Development Fund. By " non-controversial co-operation " he meant every form of co-operation which did not bring them into direct competition and conflict with the ordinary traders of the country.

After a long discussion, in which the members who supported the application of the Irish Agricultural Organisation Society for a grant out of the Development Fund warmly repudiated the charge of political partisanship and denied that the Society was a trading body, a resolution approving the policy of the Department of Agriculture was carried by 47 votes to 33.

(Summarised from the *First Report of the Proceedings of the Development Commissioners*, the *Times*, June 2nd., July 18th., and November 15th., 1910, the *Irish Homestead*, November 18th., 1911, and the *Farmer's Gazette*, November 18th., 1911).

(1) A partly elected and partly nominated council which is associated with the Department of Agriculture and Technical Instruction for Ireland. Its functions are merely consultative.

## 2. Work of the Federations and Central Institutions of Co-operative Societies and of the Large Agricultural Associations.

### A. Federations of Co-operative Societies.

I. — Annual Meeting of the Agricultural Organisation Society. — At the Annual General Meeting of the Agricultural Organisation Society, which was held on June 1st., the President (Mr. R. A. Yerburgh) announced the result of the Society's application for a grant out of the Development Fund (1).

A Report was presented which showed that the total number of societies affiliated to the Agricultural Organisation Society had increased from 321 on December 31st., 1909, to 396 on December 31st., 1910. The number of societies established or becoming affiliated in 1910 was 88, but 10 societies had ceased to exist and three had ceased to be affiliated.

The societies affiliated to the Agricultural Organisation Society at the end of 1910 were thus classified :

Societies for the Supply of Requirements and Sale	
of Produce. . . . .	145
Dairy, Bottled Milk and Cheesemaking Societies . . .	19
Small Holdings and Allotments Societies . . . . .	161
Agricultural Credit Societies. . . . .	39
Egg and Poultry Societies. . . . .	20
Auction Markets . . . . .	3
Miscellaneous Societies. . . . .	6
Central Co-operative Agricultural Bank, Ltd. . . . .	1
Scottish Agricultural Organisation Society, Ltd. . . .	1
Agricultural and General Co-operative Insurance	
Society, Ltd . . . . .	1
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	396

The total membership of the societies affiliated to the Agricultural Organisation Society increased from 19,500 on December 31st., 1909, to about 24,000 on December 31st., 1910, while the estimated aggregate turnover increased from £ 860,000 in 1909 to £ 1,100,000 in 1910.

(1) Vide *supra*, page 90.

The total expenditure of the Society in 1910 was £3,674 and the total receipts £3,369. The latter included subscriptions and donations £1,732; affiliation fees from societies £116, and a grant from the Board of Agriculture out of the Small Holdings Account, £1,441.

(Summarised from the *Annual Report of the Agricultural Organisation Society for 1910* the *Times*, June 2nd., 1911, and *Co-operation in Agriculture*, June and July-August, 1911).

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2. — *The North Wales Section of the Agricultural Organisation Society.* — The first Annual Meeting of the North Wales Section of the Agricultural Organisation Society was held on October 27th., at Bangor, in the Hall of the University College of North Wales. It was followed by a public meeting to which many prominent co-operators had been invited. The principal speaker was Sir Horace Plunkett, the Founder and President of the Irish Agricultural Organisation Society.

The press of North Wales has shown itself remarkably favourable to the work of the section. During the few weeks prior to the meeting 20 papers circulating in North Wales (of which 13 were printed in English and nine in Welsh) opened their columns freely to the subject of agricultural co-operation.

(Summarised from *Co-operation in Agriculture*, September-October and November, 1911)

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3. — *The Highland Branch of the Scottish Agricultural Organisation Society.* — The Annual Meeting of the Highland Branch of the Scottish Agricultural Organisation Society was held at Inverness in September. It was reported that during the previous year several co-operative societies had been formed in the Highlands. Progress, however, was slow, as there was a lack of leading men willing to carry a scheme of co-operation into effect. Cameron of Lochiel (the Chief of the Clan Cameron), who moved the adoption of the report, appealed to the men of influence in the Highlands to devote some time and thought to the formation of agricultural co-operative societies.

(Summarised from the *North British Agriculturist*, September 28th., 1911)

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4. *The Annual Meeting of the Irish Agricultural Organisation Society.* — Sir Horace Plunkett presided over the Annual General Meeting of the Irish Agricultural Organisation Society, which was held in Dublin on the 14th. of November.

The meeting was largely occupied with the application made by the Society for a grant out of the Development Fund (I) and a resolution was passed urging the Council of Agriculture to support the application.

Resolutions were also passed calling upon the Society to draft a scheme of co-operative insurance suitable to the needs of Irish farmers and urging co-operative creameries to adopt the Society's Butter Control Scheme.

After the meeting, Sir Horace Plunkett was presented with his portrait by a number of his friends, in token of their admiration of the work which he had done for the promotion of agricultural development in Ireland.

(Summarised from the *Irish Homestead*, November 18th, 1911)

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5 **The Rural Co-partnership Housing Association.** — A number of associations have been formed in England for building houses in towns and suburbs and letting them to members, who participate in any profits which may be made by the associations. It is now proposed to apply this co-partnership system of housing to rural districts and with this object a propagandist society, known as the Rural Co-partnership Housing Association, has recently been formed.

Each local society which is organised will be registered under the Industrial and Provident Societies Act, 1893, and will be managed by a Committee elected annually by the members. Houses and land will remain the property of the society, by which practice the general character and value of the estate will be maintained unimpaired. Any profits remaining after the annual payment of interest on shares and loan stock has been made, and charges for the necessary requirements of up-keep and management have been met, may be applied to the payment of a rent bonus to the tenant members. The Committee may also make a payment from the profits of the Society to a tenant member who leaves the district to the estimated value of any planting or permanent improvement that has been effected by him.

The tenant members of a local society will each be required to take up at least five £1 shares, but may pay them by instalments, beginning with not less than 1s. per share, to be paid within a month from date of application and before entering into occupancy, after which the balance is paid at the rate of not less than 1d. per share with the rent, or otherwise, as may be agreed with the Committee.

It is hoped that the local societies will be able to supply their members with cottages at low rents by the following means :

- (a) By using plans which are scientifically economical ;
- (b) By obtaining money at low rates of interest, two-thirds of the cost of land and cottages being raised under the Housing Act, 1809, at  $3\frac{1}{2}$  or 3 per cent ;
- (c) By throwing open the work to public tender, and building by contract.

Several local societies are already in process of formation under the auspices of the Rural Co-partnership Housing Association.

(Summarised from *Co-operation in Agriculture*, November 1911).

## B. Central Institutions of Co-operative Societies.

1. **The British Poultry Federation.** — The first general meeting of the shareholders of the British Poultry Federation, Limited (1), was held on June 16th. The Report of the Provisional Committee, gave details of the work of the Committee during the previous five months and also contained a suggested scheme for future working.

One of the most important suggestions of the scheme was as follows. " We believe it will be necessary in the near future to open a distributing dépôt in London to receive supplies from the collecting dépôts, and at which much of the testing, grading, etc., may be done. This would not only save dépôts part of their handling expenses, but also lead to economies in carriage, make quicker and more certain supplies to London traders possible and would open up better opportunities of marketing 'seconds' and 'small' to advantage."

The report stated that several co-operative egg-collecting dépôts had already joined the Federation and that others had signified their intention of doing so.

(Summarised from *Farm and Home*, July 12th., 1911).

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2. **The Irish Agricultural Wholesale Society.** — At the quarterly meeting of the Belfast Co-operative Society (the largest distributive co-operative

(1) See the *Bulletin of Economic and Social Intelligence*, 2nd. Year, No. 6, 30th June 1911, page 78.

society in Ireland), which was held on July 26th., the following resolution was unanimously passed: "That the Committee of Management be and are hereby authorised to apply for membership of the Irish Agricultural Wholesale Society, Ltd., if they consider it expedient to do so."

The passing of this resolution was a step in negotiations which have taken place between the Irish Agricultural Wholesale Society, on the one hand, and the English and Scottish Co-operative Wholesale Societies on the other hand, with a view to placing the Irish Agricultural Wholesale Society in a position to act as a wholesale society for the distributive co-operative societies as well as for the agricultural co-operative societies.

The agricultural co-operative societies (notably the co-operative creameries) in Ireland have in many cases established distributive departments and have appealed to the Irish Agricultural Wholesale Society to help them to obtain groceries, etc. At first the Irish Agricultural Wholesale Society did not respond to these appeals, but finding that the tendency persisted, they approached the two great Co-operative Wholesale Societies on the matter. The Wholesale Societies insisted that the Belfast Society should be consulted. That Society having viewed the matter favourably, working arrangements were discussed whereby all the Irish Societies (agricultural and distributive) could be supplied through the Irish Agricultural Wholesale Society with the goods stocked or manufactured by the English and Scottish Wholesale Societies.

At the half-yearly general meeting of the Irish Agricultural Wholesale Society, held on August 23rd., 1911, the Chairman (Mr. H. Barbour) stated that while the Society would draw supplies from the English and Scottish Wholesale Societies, it would also obtain supplies from Irish sources.

At this meeting a report was presented which showed that the sales of the Irish Agricultural Wholesale Society for the half-year ending June 30th., 1911, amounted to £101,002, as against £95,209 for the corresponding period of 1910.

(Summarised from the *Co-operative News*, July 8th., 1911, and the *Irish Homestead*, August 5th. and September 2nd., 1911).

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3. **The Irish Co-operative Butter Control.** — The following outline of the work of the Irish Co-operative Butter Control is extracted from the *Irish Homestead* of June 17th., 1911:

"The Control System is designed to guard every approach to the creamery from the lurking danger of the unseen bacteria. Scrupulous cleanliness in the creamery comes first; then pasteurisation of the cream;

then the use of a "starter" prepared from a pure cultivation of lactic acid bacteria ; then churning at the proper temperature ; and, finally, the use of pure water for washing purposes. Butter made in this way will be pure ; it will keep ; it will command a good price and a ready sale.

" The Irish Agricultural Organisation Society's Control Scheme is being run on business lines. It aims at being self-supporting, and, if a sufficient number of creameries take it up, it will not only pay its way, but will enhance the reputation of Irish creamery butter to a degree hitherto found unattainable. A very high standard is set, and it is the business of the Irish Agricultural Organisation Society, to whom the scheme has been entrusted, to see that every detail is carried out.

" Frequent inspections of the participating creameries are made, and the creameries themselves furnish monthly returns showing the result of their working. Summaries of these returns are prepared by the Irish Agricultural Organisation Society and sent to each creamery, so that comparisons may be instituted. Pure lactic acid cultures are supplied at regular intervals, and twice in each month samples of butter are sent to Dublin for bacteriological examination and report. Samples of water used for washing are also frequently sent for analysis.

" This detective work is not all done outside the creamery. A sample of each churning is retained by the manager and kept under observation, while every operation comes in for careful scrutiny.

" The butter made under Control regulations has affixed to it a label bearing the Control trade mark and an identification mark and number by which the creamery and the actual churning may be identified. The creameries participating in the scheme pay at the rate of twopence per cwt. for the right to use these labels.

" Immediately any defect in quality is either noticed at the creamery or disclosed by analysis, the use of the Control labels is suspended until matters are set right."

In August, "*Mælkeritidende*", the Danish dairy journal, published an article on the Irish Butter Control Scheme by Mr. Rudolf Schou, in which he recommended his fellow-countrymen to consider seriously the advisability of adopting particularly those conditions of the scheme which provide for the furnishing of samples of cream, butter and water for bacteriological examination and the retaining of butter samples daily in the creamery so that managers may see for themselves the condition of their butter when it reaches the market.



## C. Large Agricultural Associations.

1. — **Royal Agricultural Society of England.** — The Annual Show of the Royal Agricultural Society which was opened at Norwich on June 26th, attracted a larger number of live-stock entries than the previous show, though the entries were slightly fewer than in 1909. The following table gives a comparison of the live-stock entries with those of the five previous shows :

	Norwich 1911	Liverpool 1910	Gloucester 1909	Newcastle 1908	Lincoln 1907
Horses . . . . .	* 716	* 686	* 599	* 664	* 506
Cattle . . . . .	* 1,065	* 938	* 1,146	* 948	* 1,030
Sheep . . . . .	746	772	* 802	* 695	* 672
Pigs . . . . .	416	361	* 433	312	368
Total . . .	2,943	2,757	2,980	2,619	2,576

\* Exclusive of double entries.

The number of persons who visited the show amounted to 121,465, as compared with an attendance of 137,812 at Liverpool in 1910 and 88,396 at Gloucester in 1909. When the show was previously held at Norwich (1886) the attendance had been 104,009.

Commenting upon the Royal Show, the *Times* said in its issue of July 3rd. :

" The Royal Show, wherever held, is a source of instruction to all interested in the land, as it surpasses other exhibitions in revealing the wealth of the nation in pure-bred farm animals. It is appropriate that a show of the kind, notwithstanding its huge proportions, should visit different parts of the country in rotation. The migratory system appeals to and has an educative value for the members and home farmers that it does not possess for visitors from abroad. The farmers of one district always find something to interest them in the conditions and practices of another.

" The migratory system also affords an insight into the stock-breeding resources of a district. The Norwich Show exemplified this point very clearly. Not even the supporters of the local breed of cattle ever saw so fine a collection before. Merit was revealed that was not known to exist, and the classes of Red Polls gratified the supporters of the breed and enlightened others as to their local importance and their qualities as general purpose animals. The Suffolk breeds of horses and sheep were also shown in exceptional strength, although the revelation of latent merit was not quite so striking, and the large black pig was also seen to good advantage. The Red Shorthorn cattle, the long-wool sheep and the curly-coated white pigs from the neighbouring county north of the Wash likewise gathered in force. "

(Summarised from the *Times*, June 27th. and July 3rd., 1911, and the *Agricultural Gazette*, June 26th. and July 3rd., 1911)

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2 **Royal Dublin Society.** — The Horse and Sheep Show of the Royal Dublin Society, which was opened at Ball's Bridge on August 22nd., showed a substantial increase in the number of entries of horses. The total number was 1,163 as compared with 1,015 in 1910. The entries of made hunters showed a notable increase from 474 to 523, but in the classes for young horses suitable for hunters there was a decline from 303 to 271. The Show owes its importance mainly to the hunter classes, but it is noteworthy that the entries of riding cobs and ponies increased from 57 to 75 and of harness animals from 46 to 134. The number of stallions entered was slightly lower than in 1910, but the yearlings increased from 69 to 91 and the brood mares from 40 to 46. The sheep totalled 224 pens as compared with 222 pens in 1910.

(Summarised from the *Farmers' Gazette*, August 5th and 26th. 1911).

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3. **The British Dairy Farmers' Association.** — The thirty-sixth annual show of the British Dairy Farmers' Association, held in London in October, recorded a slight decrease in the number of entries. The following is a comparative statement of the entries at this show since 1907 :

	1907	1908	1909	1910	1911
Cattle . . . . .	237	247	232	288	222
Milking and Butter Tests . . .	245	224	236	264	213
Goats . . . . .	48	72	84	75	81
Poultry . . . . .	3,081	3,280	2,997	3,259	3,300
Pigeons . . . . .	2,664	2,564	2,282	2,280	2,226
British Cheese . . . . .	420	357	355	362	249
Bacon and Hams . . . . .	57	76	55	104	58
Butter . . . . .	593	668	535	525	484
Cream . . . . .	35	47	42	47	26
Skin-Milk Bread, etc. . . . .	118	135	115	98	72
Honey, etc . . . . .	67	85	88	96	87
New and Improved Inventions	33	37	31	34	21
Roots . . . . .	177	181	218	196	172
Butter-Making Contests . . .	200	207	120	145	165
Milkers' Contest . . . . .	135	132	126	122	153
Total . . .	8,175	8,362	7,553	7,895	7,529

At the annual meeting of the British Dairy Farmers' Association, held on October 4th., it was stated that the efforts to secure help from the Board of Agriculture to entertain the guests of the International Dairy Congress in 1913 had failed. A sum of £2,000 would be required for this purpose.

(Summarised from the *Agricultural Gazette*, October 9th., 1911).

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4. **Some Live-Stock Societies.** — At the Annual meeting of the *Shorthorn Society*, held in July, it was reported that the exportation of pedigree short-horns had been greatly hampered during the previous year owing to two slight out-breaks of foot and mouth disease in Yorkshire and Surrey. In consequence the number of export certificates had been only 491, a lower fig-

ure than in any past year since 1896. The certificates were for the following countries: Australia, 9; Canada, 3; France 1; Germany 4; India, 1; Japan, 1; Newfoundland, 10; New Zealand, 2; Russia, 11; Spain, 4; South Africa, 68; South America, 355; United States, 12. It was also reported that during the current year (1911) £955 had been offered by the society in prizes at the various national and county shows. For 1912 the Society is offering £103 in prizes and ten silver medals.

*The English Jersey Cattle Society* in the 22nd. volume of its Herdbook, publishes records of the milking trials and butter tests conducted during 1910, with summaries covering the whole period since these competitions were begun. From 1886 to the end of 1910, 3,319 animals have taken part in butter tests at shows and of this number 1,650 obtained prizes or certificates of merit. That the system has led to an improvement is shown by the fact that the average of the 3,139 cows was 32 lb 14 oz. milk and 1 lb. 12 oz. butter per day at an average of 107 days after calving, the butter ratio — i. e., pounds of milk required to make 1 lb. butter — being 18.69, or nearly 8 quarts to a pound. Up to the end of 1902, when the aggregate of cows tested was 1,476, the corresponding figures were 32 lb. milk and 1 lb. 11 ½ oz. butter 92 days after calving.

The annual Meeting of the *Sussex Herd Book Society* was held on July 26th. It was reported the number of members was 145, a larger number than at any previous time, and that the income in 1910 showed an increase of 100 as compared with that of 1909. The 26th. Volume of the Society's Herd Book contained 907 entries, as compared with 762 in the 25th Volume. The total amounted voted by the Society for prizes in the classes for Sussex cattle at the various shows in 1911 was £82, besides ten silver medals. The Society had also allocated a sum of £50 for the advertising the Sussex breed in the agricultural papers, with a view to making it more widely known outside its own locality.

The twelfth International Conference of Sheep Breeders, convened by the *National Sheep Breeders' Association* was held on June 14th. and was attended by delegates from all parts of the world. A paper was read by Mr. John Cooke (New South Wales Sheep Breeders' Association) on the supply of mutton and wool to Great Britain from outside sources. At the annual Meeting of the Association it was decided that the subject to be discussed at the next International Conference, to be held in July 1912, should be "Sheep in connection with the economy of the farm."

(Summarised from the *Times*, June 26th. and October 9th. 1911; *Farm and Home*, August 2nd., and November 8th., 1911, the *Agricultural Gazette*, July 10th., 1911; and the *North British Agriculturist*, July 6th., 1911).



5. **Royal Agricultural Benevolent Institution.** — At the Annual Meeting of the Royal Agricultural Benevolent Institution, held in London on June 7th., a report was presented showing that the receipts from subscriptions, donations and church collections in 1910 amounted to £20,882, while the contributions to the Special Fund raised in commemoration of the jubilee of the institution amounted to £6,570. There were on the books 198 married pensioners (ninety couples) costing £3,833 per annum; 228 male pensioners, costing £3,833 per annum; and 635 female pensioners, costing £12,218 per annum. At the election of which the results were announced (1), 30 males, 18 married couples and 50 females were given pensions at an increased annual charge of £2 500. The meeting consented to place all candidates who had reached the age of eighty on the list of pensioners, irrespective of the votes polled.

In an appeal on behalf of the Institution issued in September by Sir Walter Gilbey, it is stated that since the foundation of the Institution in 1860, 4,495 persons had been granted annuities at a total cost of £687,254.

(Summarised from the *Farm and Home*, June 14th., 1911, and the *Agricultural Gazette*, June 12th., and September 18th., 1911).

### 3. Miscellaneous.

**Agricultural Co-operative Credit Societies in England and Wales.** — The December issue of the *Journal of the Board of Agriculture* contains an article on the working in 1910 of the co-operative credit societies in England and Wales which concern themselves solely with the provision of loans of money to small agriculturists. Such societies are all registered under the Friendly Societies Act, 1896, and in all of them the liability of the members is unlimited.

“At the end of 1910,” says the article, “there were in England and Wales 40 registered societies of the above type, scattered over twenty counties. Six of these were registered in 1895 and 1896, seven were registered in the three years 1904 to 1907, and in the last three years the numbers registered have been respectively seven, ten and ten, so that the movement has recently shown signs of more rapid development.

“Of these 40 societies, nine either sent in no returns or reported that they had as yet done no business. According to the annual returns for

(1) Pensioners are elected from the list of applicants by the votes of subscribers to the funds of the Institution.

the year 1910, submitted to the Chief Registrar by the remaining 31 societies, they had at the end of the year 663 members — an average of 21 per society. They had during the year advanced 119 loans to their members, so that less than one in five of the members took out a loan during the year. The loans aggregated £1,390 and averaged £12 per loan; in individual cases they varied from £3 to £40. The earnings of these 31 societies during the year amounted to £147 (including a gift of £50) and the charges of the year were £82, so that there was a net profit on the year's working of £15, besides the gift. Their expenses of management, which are included in the above charges, amounted to £34, or a little over £1 per society. Their total assets amounted to £1,924, of which £1,421 were out on loans to members, and their total liabilities to £1,654, of which £489 was due to banks and £1,088 to depositors; and the total profits to date of all the 31 societies put together amounted to £270. This total includes gifts aggregating £115, so that the profits actually earned to date were £155, an average of £5 per society.

"It takes some years for a credit society to get into working order and the progress can be better judged by taking separately the totals for the six oldest societies, which have been at work for fourteen years. Between them they had last year 145 members (an average of 24 per society) and during the year they gave out 34 loans, so that about one in four of the members got a loan. The loans aggregated £511, and averaged £15 per loan. The rate of interest charged on loans to members was, in four societies, 5 per cent, in one 6 per cent, and in one only 4 per cent. During the year they earned £36 in interest, and received other income amounting to £1, while their interest charge was only £20, and their expenses of management £6, an average of £1 per society; so that the net profit of the year was £11, or nearly £2 per society. Their assets amounted altogether to £743, including gifts of £65 and £556 out on loan to members; and their liabilities were £538, including £481 held on deposit. Their surplus of assets over liabilities amounted to £205 (including the £65 received as gifts), so that they have now, after fourteen years of careful management, built up a reserve fund equal to more than one-third of what the members require in loans during the year. This is their own property, on which they have no interest to pay. The loans have been repaid punctually, and the societies have made no bad debts and incurred no losses, and only in three or four cases have they had to call on the sureties to help in repaying loans due from members. In hardly any case has the surety ultimately failed to recover the money from the actual borrower."



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# CO-OPERATION AND ASSOCIATION

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## HUNGARY.

### CURRENT QUESTIONS.

#### Agricultural Co-operation in Hungary.

*The following article is summarised from a monograph forwarded to us by the Ministerial Department of Agriculture for the Kingdom of Hungary. It is the work of Dr. Charles Schandl, Secretary of the Federation of the Hungarian Co-operative Societies and will appear in its complete form in the second volume of the « Monographs on Agricultural Co-operation.*

#### § 1. Co-operation Generally.

In Hungary the co-operative movement only became general and even popular up to a certain point amongst the agricultural population towards the last ten years of the XIXth. century. It is interesting to notice that the co-operative idea had a favourable reception first among the Saxon manufactures in Transylvania, and in the second place among the town functionaries, but only for the purpose of procuring credit for themselves, whereas at the present day co-operation flourishes mainly in the agricultural world, and not in the field of credit alone, but also in that of distribution, sale, farming and insurance. The manufacturing class, although the initiative, had been due to it, did not show itself apt at co-operation, so that our industrial co-operative societies, even those which were affiliated to the Central Co-operative Society, could not attain a high degree of prosperity; their number hardly exceeds fifty even to-day, although the Minister of Commerce has allowed them rather important national subventions. Our manufacturers have misunderstood and still misunderstand the co-operative idea, and they are accordingly incapable of suitably availing themselves of it. The town functionaries, it is true, still keep their great and flourishing co-operative society, the Functionaries' Co-operative



Distributive Society, at Budapesth, as well as that of the *Cheminots*, but on this subject it is as well to bear in mind the experiments made by the "Ant" showing that it is difficult to make co-operation effective in places where one must have recourse to the town elements. The agricultural population in the co-operation movement is represented at the present time in a much higher proportion than the other classes, and a short account of the present condition will be sufficient to convince everyone of the prosperity of this movement in Hungary.

Its gradual progress is the result of agricultural co-operation. It began, to tell the truth, at the time of the International Farmers' Congress at Budapesth in 1885, in the direction of credit co-operation. In 1886 the Co-operative Credit Society of the County of Pesth was founded, which inaugurated its work of organisation as the Central Co-operative Institute of the Country. Later on, this Institute enlarged its sphere of action; by 1898 it had created co-operative credit societies in 465 communes. The total number of co-operative credit societies — including the independent ones — in Hungary, was 1,261, so that the greater number were at that period working independently. The relative slowness of their growth in comparison with that of the past ten years must be attributed to the lack of central organisations. The creation of centres led to a rapid development, both from the point of view of the number of co-operative societies and of their prosperity. But with the work of these centres, must not be overlooked that of the rural clergy, village schoolmasters and notaries, who have become the most important factors of that form of co-operation of which they were the promoters.

The approximate number of co-operative societies at work in Hungary at the end of 1909 was 6,772, divided as follows:

Number of Co-operative Societies belonging to the Central Co-operative Credit Society . . . . .	2,206
Number of Co-operative Societies belonging to the "Ant" . . . . .	910
Christian Co-operative Distributive Societies . . . . .	438
Co-operative Dairies . . . . .	541
Co-operative Livestock Improvement and Cattle Insurance Societies . . . . .	60
Co-operative Central Societies (about) . . . . .	20
Raiffeisen Co-operative Societies . . . . .	206
Servian Farmers' Co-operative Societies in the Annexed Countries . . . . .	297
Roumanian Co-operative Banks (about) . . . . .	74
Farmers' Co-operative Societies (about) . . . . .	20
Other Co-operative Societies (independent) about . . . . .	2,000

Total . . . 6,772

On making a close examination of the different branches of co-operation, we shall find that the co-operative credit societies and the co-operative distributive societies are in the majority. Our co-operative dairies also go back some ten years, but appreciable results have only been realised in the field of co-operative cattle insurance during the last few years, and these results are due to the protection of the State, accorded to all the movements connected with the raising of animals. The new conquests of co-operation extend over the field of co-operative sale, farming, life insurance, domestic industry and pasturage societies. It is true that the sale of produce is included in the programme of co-operative supply societies, but it has been barely put into execution so far, for the different co-operative societies have not yet attained the necessary strength to allow the centres, and especially the "Aut", to put this programme into execution.

The formation of farm and pasturage co-operative societies, as well as those for the utilisation of machines, was also projected by the Hungarian Farmers' Federation. The starting of the co-operative farmers' societies was hastened by the disturbances due to agrarian socialism, which broke out just because the agricultural population had very little land within the limits of certain villages and had not the means to lease other lands. They are still few in number, the first rules having been drawn up barely two years ago. There are some scattered examples of co-operative machine societies amongst the small farmers of the South. Their organisation is a task reserved for the future.

The limits of the co-operative movement are, moreover, markedly fixed in accordance with the various central societies the peaceful co-operation of which is assured by the perfect harmony of their intentions. A strong proof of this harmony was given in the resolution adopted by the National Co-operative Congress of 1910, which declares that the main ultimate task of the co-operative credit societies is to organise co-operative distributive societies. In fact, the necessary harmony between the co-operative credit and distributive societies was lacking in several places, but the tendency of their development is to improve in this direction also, the co-operative societies in many villages being all united in one building (the Peoples' House).

## § 2. *Co-operative Credit.*

In the field of agriculture in Hungary only the real altruistic and disinterested co-operative societies have taken root. The loan banks of the middle of the century and the usurious co-operative societies founded later were almost exclusively created in the towns and scarcely reached the agricultural population. In order that we may have an exact idea of

the actual state of agricultural co-operative credit, it will be sufficient if we examine the co-operative movement started by the Farmers' Congress of 1885, together with the parallel movement of the Raiffeisen banks of Transylvania and the Servian agricultural co-operative societies of the region situated between the Drave and the Save.

The altruistic village co-operative credit societies were not organised in a central fashion all over the country, but groups were formed in different parts. In 1894, however, when the Co-operative Credit Society of the County of Pesth was transformed into the Central Institute of Hungarian Co-operative Societies, co-operation received a new impetus and began to have a centralised organisation. The organisation was favoured by the reaction against usury, which was already very widespread in those years which were even without it very little prosperous, especially in the mountainous region; it weighed heavily on the agricultural population and was in reality responsible for the co-operative action of Count Károlyi. The villagers, overwhelmed with debt and forced to sell their produce at a low price, did not know where to turn, and contracted loans on inhuman conditions with the village usurers and the miserable little usurious banks. The Hungarian Credit Foncier would only give mortgage loans for over 1,000 crowns, and the Small Farmers' Credit Foncier was incapable of satisfying all needs. The more intelligent communes therefore welcomed the co-operative credit societies with joy.

The co-operative societies affiliated to the Centre united their working capital composed partly of shares and partly of their reserve funds, savings-bank deposits and the credit accorded to them by the Centre. The members may borrow from the co-operative society either by signing forms of acceptances or bonds. As to their guiding principles, the societies are nearest to the Raiffeisen banks, although they do not accept some of Raiffeisen's counsels, especially as far as liability is concerned, because the principle of unlimited liability has encountered many obstacles in Hungary, and it has frequently appeared more prudent to give up the idea than to abandon the starting of the society. Moreover, the results obtained have shown that it is quite possible to found and keep going a co-operative credit society without adhering to this principle.

To day there are 2,000 co-operative societies of the agricultural class extending their action over more than 6,000 communes, that is, over half the total number of communes. For their formation they require the collaboration of the Central Society which is also exacted by the Law. The Centre does not insist on the creation of co-operative societies; it founds them only in those places where there are competent men available and where the special circumstances seem to guarantee the success of the undertaking. The maximum value of the shares is 100 crowns, but in most cases this sum is reduced to 50 crowns, and it is forbidden to

pay any interest on this sum ; 10 % of the net profit must be paid into the reserve fund, the remainder being carried over to the benefit of the shares. The dividends must never be more than 5 %, and any surplus of the net profit is to be paid into the reserve fund. The members of the Board of Management and of the Supervision Committee benefit to the extent of 10%.

The reserve fund must be increased every year by at least 10 % of the net profit until it has reached half the sum total of the share capital. Each member is liable to at least five times and at most ten times the amount of his shares. He may leave the society at the end of the year, after giving previous warning, but in such case his shares will not be paid back to him until July 1st. of the following year. Each member has a single vote in the society, no matter how many shares he owns. Each co-operative society is compelled to take a 200 crowns share in the Central Co-operative Society for 6,000 crowns of its capital and to submit to the supervision and control of the centre, as exercised by its inspectors. The Centre designates one of the members of the Board of Management and one of the Supervision Committee ; it has a decisive voice in permitting or prohibiting a co-operative society to make a loan to a third party.

We shall now mention a few more of the principles followed in the organisation of these co-operative societies. The action of a co-operative society may extend over the territory of a single commune only, or of two neighbouring communes at most. The societies may grant loans to their members only, and never to outsiders and the loan accorded to any one member must not be more than 15 % of the whole of the society's capital. The capital-shares are paid in monthly instalments extending over five years, and members behindhand with their instalments must pay the arrears of interest and a fine ; the instalments already paid may also be declared forfeited. The pecuniary resources of the co-operative societies are, on the one side, the capital-shares — on the principle of mutuality — and on the other the savings' bank deposits and — thanks to the aid granted by the State — the loans agreed to by the Centre up to three times the amount of the capital-shares.

The management of co-operative societies is still a "nobile officium" in our days; the bookkeepers and cashiers alone receive salaries, and very modest ones. The managers are for the most part priests, village schoolmasters or notaries, whose activity shows a disinterestedness worthy of the people's gratitude. The officers are divided as follows in regard to their vocations :

Office	Farmers	Priests	School masters	Other Professions
Members of the Board of Management. . .	11,505	792	872	3,159
Members of the Super- vision Committee .	4,503	286	485	2,115
Bookkeepers . . . . .	293	147	829	638

It will be seen, therefore, that the small farmers themselves take an active part in the management of the co-operative societies. It can be proved that it was precisely co-operation which brought about an important change in the small farmer class, in Hungary, increasing the farmers' intelligence and making perfect village managers of them. From this point of view the small farmers have been more successful than the small manufacturers.

The Centre has found that more than half the 2,000 agricultural co-operative societies work in an irreproachable manner; a quarter of them require a certain amount of explanation and a fifth cannot do without continual resort to the Centre.

The co-operative societies do not receive credit from the Centre in the same manner as it is received from the great co-operative banks in other countries. In other countries, the Centre does not deal at all, as a rule, with the co-operative societies themselves, nor ask for their endorsements; it gives the amount of the loan to the intermediary district centres, without bonds signed by the debtors.

The Hungarian Central Co-operative Society, on the contrary, does business directly with the village co-operative societies; it collects the bills and I. O. U's of the debtors for the purpose of getting them discounted, and the utilisation of these signatures supplies it with the financial resources that it needs. The Centre accords credit under certain conditions. The importance of the credit is in proportion to the capital, the reserve fund and the amount of the savings deposits of the co-operative societies, which generally have a credit equal to the sum total of the capital shares; it is sometimes double, however, and occasionally treble this amount. The loans granted are personal loans or loans on mortgage. The first are granted on acceptances or bonds, always on security, and both are discounted by the Centre. Mortgage loans are also furnished through the medium of the co-operative societies, but never directly. These loans may be as high as 50 % of the value of the real estate. The Central Co-operative Credit Society, as well as the Small Farmers' Credit Foncier, make loans, however, in as high a proportion as 75% of the value of the property on account of their action in dismortgaging the land. The Centre gives loans directly to the members of co-operative societies, it is true, but it is done through the medium of the societies. The amount of the credit covered entirely by mortgage forms the subject of a special valuation as well as the credits granted as advances on the wheat crop, on the purchase of farm requisites and on industrial produce, or those granted to co-operative societies founded for special purposes. The societies are obliged to communicate to the Centre the payments made in loans above a certain amount, and the Centre gives its approbation. The loans granted to the Board of

Management and the Supervision Committee must be notified on each occasion, in order to prevent abuse.

The loans being passed by the co-operative societies independently of their members, the acceptances and proxies signed by them are sent endorsed to the Centre in the form of transfes. The Centre transfers them rediscounted to the large financial establishments, and, for loans on real estate, it may issue interest bearing bonds, free from duty, which may be put into circulation. The number of acceptances is very high, but they are generally for small sums. Their average annual value varies but very little, and is about 300 crowns. The smallest bill of exchange is for 2 crowns. The value of the acceptances presented to the Centre each year is about 100 million crowns (in 300,000 accounts). In loans of 50 % the Centre paid out 9,892,000 crowns up to the end of 1908, and in loans of 75 % 5,866,000 crowns. During the first ten years, it granted 242,000 loans against bonds to the value of 83,000,000 crowns, 43,000,000 of which has been paid back leaving 40,000,000 still to be paid. This is the amount for which the Centre could have issued bonds that could be put into circulation, bearing interest and free from duty, but it was satisfied with issuing 20,000,000.

The rate of interest must not exceed the rate at which the Centre granted the loan to the co-operative society by more than 2 %. The present rate of the Centre is 5  $\frac{1}{2}$  %, and the maximum rate of the provincial co-operative societies is 7  $\frac{1}{2}$  %, but it does not as a rule rise above 6  $\frac{1}{2}$  or 7 %, and is sometimes even as low as 6 %.

The satisfaction of their credit needs is far from being the only means which the co-operative credit society possesses for the protection of its members. It facilitates the purchase of machines for them, of chemical manures and other substances, as well as the improvement of cattle and the sale of wheat. We shall speak later on of the wheat stores, in the section on the realisation of co-operative ideals. The societies also protect their members by making it possible for them to co-operate for the manipulation and sale of wine, the purchase of seeds, wheat meal, oat meal, fodder, charcoal and wood; they give facilities for the establishment of permanent warehouses. They also collaborate in the "parcelling out" and renting of farms.

The balance sheets and accounts at the end of the year are prepared by the examiners of the Centre, which bears all the expenses of control.

It may certainly be considered as an unhopd for result that up to the end of 1909 a sum total of 35,000,000 crowns in round numbers had been paid into the co-operative societies while 75,000,000 crowns had been deposited as savings, and these figures have increased still more

since. The capital at the disposal of the co-operative societies in the course of these years may be seen from the following table :

Year	Its own Means	Credit supplied by the Centre	Total
1899 . . . . .	12,630,000 crs.	11,910,000 crs.	24,544,000 crs.
1900 . . . . .	16,713,000 "	26,282,000 "	42,995,000 "
1901 . . . . .	22,448,000 "	35,594,000 "	58,042,000 "
1902 . . . . .	30,578,000 "	42,519,000 "	73,097,000 "
1903 . . . . .	40,620,000 "	46,354,000 "	86,974,000 "
1904 . . . . .	54,080,000 "	54,058,000 "	108,138,000 "
1905 . . . . .	63,713,000 "	62,124,000 "	125,837,000 "
1906 . . . . .	77,873,000 "	71,781,000 "	149,654,000 "
1907 . . . . .	90,196,000 "	73,632,000 "	163,828,000 "
1908 . . . . .	100,992,000 "	73,634,000 "	174,000,000 "

The results obtained by the co-operative credit societies have been shown in an impartial and substantial manner in the Report published by the Central Co-operative Credit Society on the ten years (1899-1908) of its activity.

The co-operative societies have made credit less dear ; the interest being reduced sometimes by as much as 6 and even 10 %. In this connection the co-operative societies suffered a very severe trial at the time of the high price of money in 1907-1908, when small banks failed one after the other and the co-operative societies met the difficulties they had to face very well without raising their rate of interest above 7 or 7  $\frac{1}{2}$  %. Usury has completely disappeared from their territory and the debtors of the co-operative societies pay back, in general, a larger proportion of the principal of their debt than do those of other financial establishments. The members use the money borrowed from the society to pay back the debts they have contracted elsewhere or to develop their farms. The co-operative societies considerably increase the personal credit of the farmer, since they grant loans for the most part to members who are not rich and who therefore make it a point of honour to pay back the debt punctually. The farming of the members of co-operative societies has become more intensive, their cattle stock has increased and they have procured machines. The conditions of realisation have become more favourable, since the members are no longer compelled to sell their crops standing. The co-operative societies have also given their members important facilities in the purchase of land, while judicial sales by auction have decreased greatly since they came into existence, as the following figures will show :

Every year from 1896 to 1900, on an average, 18,220 properties, that is, 3.88% of the whole of there gistered land, used to change ownership at such auctions. Between 1901 and 1905, this annual average was 19,610 (3.39 %). An improvement which appears likely to be permanent has taken place since 1904 :

Year	Number of Changes of Ownership due to Auction Sales		Equivalent of Changes of Ownership due to Auction Sales in Thousands of Crowns	
	Total Number	% of Total Changes	Total Number	%
1903 . . . . .	21,193	3.56	52,780	5.93
1904 . . . . .	19,178	3.26	39,986	4.43
1905 . . . . .	16,620	2.80	39,177	3.54
1906 . . . . .	15,227	2.55	39,672	3.41
1907 . . . . .	14,467	2.41	32,357	2.78
1908 . . . . .	15,066	2.56	39,578	3.48
1909 . . . . .	16,638	2.86	48,661	3.70

As to solvency, it is characteristic that the greater number of the co-operative societies were not compelled to invoke the aid of the law against their debtors. The co-operative societies have also raised the moral level of the people in other respects, and have inspired the farming class with a pride that is full of good sense.

Special mention must be made of the fact that dismortgaging has also been undertaken by the Hungarian co-operative credit societies. The conversion of heavy loans has been made in certain counties with money supplied by the Central Co-operative Credit Society and the Small Farmers' Credit Foncier to the village co-operative societies, and if it has not been possible to generalise this action yet and that remains a task for the future, that is because the enormous resources necessary for the dismortgaging of land in Hungary, which is riddled with debt, are still lacking.

Although the network of co-operative credit societies of which we have been speaking extends also to the annexed countries (the territory between the Drave and the Save), a special network of co-operative societies is at work in this part of the country; they include the Servian Farmers' Co-operative Society and the Servian Agricultural Associations' Co-operative Society, with headquarters at Zágráb.



At the end of 1909 there were 297 of them with 10,031 members. Their development may be seen from the following table:

Year	Number of Co-operative Societies	Number of Members	Sum Total of Loans
1897. . . . .	10	159	5,540
1898. . . . .	40	1,030	113,869
1899. . . . .	50	1,321	189,535
1900. . . . .	67	1,721	208,636
1901. . . . .	85	2,268	321,801
1902. . . . .	140	3,799	620,828
1903. . . . .	179	5,278	948,798
1904. . . . .	217	6,298	1,296,468
1905. . . . .	235	7,227	1,635,754
1906. . . . .	242	7,487	1,877,160
1907. . . . .	251	7,887	2,159,211
1908. . . . .	283	9,082	2,445,965
1909. . . . .	297	10,031	2,611,966

Up to the end of 1909 the 10,000 members had paid 610,000 crowns in the form of shares. The reserve fund of the co-operative societies is 571,057.40 crowns; their debts with the Centre 5,071,662.45 crowns, the deposits in the savings' banks of the different co-operative societies 9,071,023.28 crowns; the permanent deposits 1,168,554.05 crowns, and the profits of the co-operative societies 109,951.05 crowns.

The members of the co-operative societies are farmers who contract loans, for the most part, for agricultural purposes. The following table gives the different purposes for which the loans were contracted; thus, a sum total of 2,500,000 crowns was divided in the following way.

purchase of seeds . . . . .	crowns	13,443
food . . . . .	"	44,113
draught animals . . . . .	"	290,873
breeding stock . . . . .	"	217,587
renting lands . . . . .	"	796,342
purchase of lands . . . . .	"	489,731
machines and implements . . . . .	"	63,864
paying off old debts . . . . .	"	157,861
taxes and duties . . . . .	"	19,283
farm buildings . . . . .	"	221,819
purchase of chemical manure . . . . .	"	9,050
viticulture . . . . .	"	86,302
household requirements . . . . .	"	58,077
industrial and commercial purposes . . . . .	"	59,904

and some thousands of crowns for other methods of agricultural propagation.

The Raiffeisen co-operative societies of Transylvania are individualist in character, but they work with constantly growing success. The German speaking population of the Transylvanian counties, who are all, however, as good Hungarians as the inhabitants of other regions, has passed from the old Nachbarschaften and Bruderschaften to the modern co-operative society. The sense of economy, diligent work, zeal and a desire to learn, are the causes of the success of the co-operative credit societies, the activity of which has been rendered still more efficacious since an old age pension has been assured to their employees. As their names indicate, they profess the Raiffeisen principles and consider the Savings' Bank of Nagyszeben as their central resource. They celebrated this year the 25th anniversary of the origin of this co-operative movement. Their numbers have gradually increased until there are now 163 co-operative credit societies with 15,883 members, including 42 co-operative distributive societies and one co-operative wine society, corresponding if we reckon the families as consisting of 5 members each, to 79,415 persons, that is, a third of the Saxon population of Transylvania. These co-operative societies have put together the sum of 7  $\frac{1}{2}$  million crowns, and a reserve fund of 700,000 crowns. The 163 co-operative credit societies had 12,690 members. At the present moment it may be said with certainty that the co-operative credit societies have worked with greater success than the co-operative distributive societies.

Summarising the co-operative credit societies belonging to the three groups, we have :

those Affiliated to the Central Co-operative Credit Society	2,206
the Servian Agricultural Co-operative Societies . . . .	297
the Raiffeisen Co-operative Societies . . . . .	163

which gives us a total of . . . 2,666

co-operative credit societies united to a central institution.

### § 3. *Co-operative Societies for Purchase and Sale.*

The sale and purchase co-operative societies have not found the same propitious ground to work on in Hungary as the other branches of co-operation. The character of the Hungarian farmer is such that it is more difficult for him to familiarise himself with the idea of farming in common than with that of co-operation in credit, distribution and sale ; and as far as that goes, the last categories do not imply working in common. That is why we do not meet the co-operative idea in the field of produc-

tion except in certain special relations. There has not been real co-operative work done in this field except amongst the immigrant Bulgarian gardeners, who, in the neighbourhood or environs of the large towns, take fields on lease and work them in common. Several families join together, come to Hungary from Bulgaria in the spring, where one of their members takes charge of the bookkeeping and the bank, while the others work on the land; they settle up in the autumn and divide the profits. These co-operative societies are generally formed for one season only, and they sometimes draw as much as 300 or 400 crowns from an arpent of land. The Department of Agriculture recently made some attempts to acclimatise this kind of cultivation, that is to say, Bulgarian gardening, amongst the farmers of the country, although on a basis slightly different from that of co-operation.

Industrial production is carried on in certain parts of the country by co-operative societies of domestic industry, as a supplementary occupation. These co-operative societies deal, for the most part, in basket making, but some go in for the production of agricultural implements. The Central Co-operative Credit Society provides them with the necessary credit, while the sale of the articles is carried out either directly by the co-operative societies or by the National Federation for Domestic Industries which is protected by the State and placed under the supervision of the Hungarian Farmers' Federation, or lastly, by the village co-operative distributive and sale societies. The following societies come within the sphere of interest of the Central Co-operative Credit Society :

- 44 co-operative basket-making society ;
- 5 " societies for the wood industry ;
- " " " " mat industry ;
- 1 co-operative society for the rush-mat industry ;
- 1 " " " " woollen industry ;
- 1 " " " for making earthenware ;

altogether 55 co-operation production societies.

These societies have the same organisation as the co-operative credit societies of which we spoke above. They are most numerous in the counties of Bács (27) and Bereg (8).

The production of these co-operative societies, is however, closely allied to the co-operative sale society, which is far more important. Before we deal with the small co-operative societies, it should be pointed out that in Hungary not only the lesser but also the greater economic factors are combined in co-operative sale societies. The result of this union is the *Hungarian Farmers' Co-operative Society*, which has its headquarters at Budapesth and has secured the absolute confidence of the farmers during its twenty years' activity. It has 1,700 members, who are for the

most part proprietors of large and middle sized farms, whose properties, taken together, cover about 15 % of the entire wheat-growing area of the country. It has extended its sphere of activity to nearly every branch of agricultural sale and purchase. It has sections for grain, wine, fodder, machines, live-stock, insurance, etc. It keeps excellent wine cellars for its members at Budafok and an establishment for fattening pigs at Köbánya. It has a capital of 865,000 crowns and a reserve fund of 280,000 crowns, and a floating capital of 3 millions.

There are also several central co-operative sale societies working in the provinces. We may mention in the first place the *Co-operative sale society for red pimento and other agricultural products of Szeged*, which has been in existence for ten years and has a capital of 230,000 crowns. It sells and exports the red pimento of Szeged, which has long been famous, to Austria, Germany, Roumania and Bulgaria, as well as other products of the district. It also exports to France and Switzerland potatoes, beans, onions and red pimento, and sorghum straw and red pimento to America. Its turnover exceeds 1½ million crowns, and the number of members in relation to their shares is 1:100. The shares are of the value of 100 crowns.

It is a general rule that sale is in close relation with consumption and purchase. There are but very few co-operative societies depending upon the Central Co-operative Credit Society occupied solely with sale, and they are more particularly co-operative wheat stores and dairies and societies for the sale of eggs. There is only one co-operative society belonging to the Central Co-operative Credit Society for the sale of red pimento and other agricultural produce at Kalocsa, an agricultural co-operative sale society, an agricultural co-operative and dairy society and a society for the sale of poultry and eggs; these societies are organised in the same way as those for credit.

The number of co-operative wheat stores, according to the latest statistics (1907) is 38, their transactions extending over 156 communes. The quantity of wheat stored may be estimated at an average of 100,000 metric quintals. The first warehouse was built in 1900, with a deposit of 5,500 quintals, at Tiszaújlak. All these co-operative societies are affiliated to the Central Co-operative Credit Society, but they have two different kinds of organisation. Some of them are independent co-operative societies and some are depôts for the village credit societies. Three of them are independent co-operative societies, and the others are organised among members of the co-operative credit societies. The State does everything possible to encourage their working. In the earlier years the State contributed a fixed sum to the initial expenses, from 4,000 to 8,000 crowns at most. Since 1904 there has been a desire to encourage the creation of these co-operative societies in a more efficacious manner, and the

Ministry of Agriculture gives them aid to the extent of 5/6 of the expenses of building and initial establishment. They have adopted the system of storing and manipulation for their work ; by this system, the society does not buy the wheat from the members, but simply accepts it in deposit, imposing a storage fee, making advances, and serving as middleman for the sale. The rules allow that loans in the proportion of 75 % of the estimated value of the wheat may be made to the farmers, and the society endeavours to sell the wheat on the best terms possible. The special conditions of the markets of late years and the results of the last crops have not been at all favourable to the warehouses, several of which are empty, which explains the small success of the efforts to increase their number.

In our country, the sale of agricultural produce is carried on on a still larger scale by the *co-operative dairies*, which is very natural, seeing that it is estimated that there are 6 million head of cattle in Hungary and that the small farmer goes in for live-stock breeding by preference. They have from 70 to 75 % of all the cattle of the country in their hands, and can sell their milk and the milk products at less expense and greater profit by co-operation. The co-operative dairies are to be found most extensively in the counties of Baranya and Moson. In this branch of the co-operative movement the State has given most energetic and most important assistance. As the dairies have no social centre yet, the Ministry of Agriculture concerns itself with their organisation and control, giving them national assistance. They are, however, always struggling against a multiplicity of difficulties, because they have to conform to the Commercial Code, and their already numerous anxieties are increased by the book-keeping and the compulsory registration at the courts. This is the reason why they have not attained the expansion that might have been expected in a country occupied in the rearing of live-stock. The co-operative dairies numbered 541 at the end of 1909. In several communes they have preferred merely to adopt the form of a social union and to establish a dairy market. In some counties (Zala, Sopron, Bács-Bodrog, Baranya, Torontál and Temes) they are grouped into federations. These federations have an important rôle in the development and encouragement of the dairies. The finest results have undoubtedly been obtained by the Association for the Raising of Horned Cattle at Magyaróvár, which comprises 18 co-operative dairies under the supervision of M. Emery Ujhelyi, the learned Director of the Academy of Agriculture at Magyaróvár.

These co-operative societies work with a greater certainty of success than the others ; they sell eggs as well as milk, and make the surplus milk into butter or cheese, which they export in considerable quantity, mainly to Vienna. The 18 co-operative societies produced 2,943 hectolitres of milk during the past year, 57,205 kg. of cheese, and their receipts were 430,000 crowns, each farmer receiving an average of 222 crowns.

We have still to mention the co-operative wine Societies, which will play an important part in Hungary, a wine-growing country *par excellence*. They are few in number, because they have to fight against the same difficulties as the co-operative wheat stores, and some of them have for this reason been transformed into limited liability societies. The National Association of Hungarian Wine-growers is at the head of the movement, which has succeeded in taking root only in a few eminently wine-growing districts. They have replanted the greater number of the vineyards which had been devastated by phylloxera, with the result that the production has continually increased and threatens to become overproduction, thus bringing the subject of the co-operative wine societies into prominence. The Ministry of Agriculture is concerning itself seriously with the project of the organisation of the sale of wine, and this project cannot leave out of consideration the wine societies

#### § 4 *Co-operative Distributive Societies.*

This is the second fully developed branch of co-operation in Hungary.

Its chief centre is the "Ant, the co-operative distributive and sale society of the Hungarian Farmers' Federation". Starting on a very modest scale and aided by the munificence of Count *Károlyi*, this centre has always observed and still observes the following principles in its relations with its affiliated societies: A village co-operative society which makes up its capital by small weekly payments cannot open its shop before having collected the necessary funds for the installation and the acquisition of a certain stock of merchandise. It sells its goods for cash and must avoid as far as possible giving credit, in order to accustom the people to thrift. It cannot distribute more than 5 % of its net profits to the shareholders, the surplus being placed to the reserve fund until all the debts of the society are paid; this condition once fulfilled, the whole of the net profits may be distributed amongst the members, as "repayment after sale". The society possesses still other means for aiding its members financially and in their farm work, for instance: it may establish popular libraries, farmers' clubs, egg depots, etc. The society must submit to the control of the "Ant", and is obliged to buy from the "Ant" the goods which the latter sells at the same or a lower price than the wholesale merchants. On the other hand, the "Ant" allows the society a certain credit, and gives a share of its profits to the co-operative societies which have made the largest percentage of purchases.

The same principles have been adopted by the *Christian Co-operative Societies' Centre* in regard to their affiliated co-operative societies, which

only differ from those of the "Ant", by virtue of this qualifying term "Christian". These latter started at the same time as the others, and their organisation was largely influenced by the Catholic renaissance, the result of the struggle which was being carried on in the field of ecclesiastical policy.

All these co-operative societies are based, without exception, on the Commercial Code. Their directors do not as a rule receive any remuneration; the manager of the shop alone is recompensed, and he receives also a percentage of the turnover. The members take shares of 20 crowns at least; they have one vote only, and single liability equal to or double the amount of their shares. The societies sell to non-members also, and this has occasioned much protestation from the shopkeepers, but they are not exempt from taxes and duties. They devote a large proportion of their net profits to philanthropic and benevolent work, and to the publication of works on co-operation.

The most active promoters of the co-operative distributive movement are the village curés, schoolmasters and notaries. In several places simple village farmers may be met who are at the head of a co-operative society of this character, and this is an interesting fact, because it shows that the co-operative movement is developing the commercial sense and ingenuity of the simple village population. The co-operative societies are therefore genuine commercial schools for the villagers.

In addition to the two great Centres, the Raiffeisen Federation of Transylvania includes co-operative distributive societies, which have adopted the Raiffeisen principles.

The total number of co-operative distributive societies in Hungary in 1909 had 290,114 members and a capital of 9,996,301 crowns. Of these societies 910 belong to the "Ant," 438 to the Christian Co-operative Centre and 37 to the Raiffeisen Federation, while 112 work independently for the most part in the large towns.

The evolution is most vigorous amongst those affiliated to the "Ant". This fact must be attributed not only to the commercial ability and conscientious direction of the Central society, but also to its good control organisation, and especially the establishment of the branches and provincial centres for the purpose of facilitating the trade in merchandise. These branches are provided with depots which are as well arranged as the Centre at Budapest itself. There are four of these branches: in Transylvania, in the North-west region, at Nagyszombat and Balassagyarmat. It goes without saying that these provincial centres are able to facilitate the transport of merchandise and make it much cheaper, thus aiding the administration and expansion of the co-operative societies.

The work of organisation is even more strongly sustained by the Congresses organised each year by the "Ant", and the regional conferences,

which are convoked several times in the year in certain regions when required. The managers of the co-operative societies present their desires and complaints before these latter, in order that the Centre may take note of them and arrange its action accordingly. During the past year 31 conferences have been held.

This movement has been in existence for twelve years, and during that period the number of co-operative societies has risen to 1,000. The first of these distributive societies was founded at Brogyán, and the thousandth society affiliated to the "Ant" was inaugurated with great pomp at Dämsöd on March 15th., 1911.

The development of the Christian Co-operative Distributive Societies, the Centre of which began its work in 1899, is shown in the following table, which covers the whole of the co-operative societies belonging to this union :

Year	Number of Co-operative Societies	Number of Members of Co-operative Societies	Number of Shares	Value of Shares	Annual Business Done
1899 . . . .	30	4,800	19,200	38,400	750,000
1900 . . . .	107	17,120	68,480	136,960	2,675,000
1901 . . . .	163	26,080	104,320	208,640	4,075,000
1902 . . . .	214	34,240	136,960	273,920	5,350,000
1903 . . . .	261	41,760	167,040	334,080	6,525,000
1904 . . . .	294	47,040	188,160	376,320	7,350,000
1905 . . . .	320	51,200	204,800	409,600	8,000,000
1906 . . . .	360	57,600	230,400	460,800	9,000,000
1907 . . . .	381	60,960	243,840	487,680	9,525,000
1908 . . . .	402	64,320	257,280	514,560	10,050,000
1909 . . . .	438	70,080	280,320	560,640	10,950,000
1910 . . . .	466 (1)	74,560	298,240	596,480	11,650,000

(1) 2 millions of the business included for 1910 was done by the Centre.

The development of the Christian co-operative societies has received a fresh impetus for some time past through the support of the Popular Catholic Federation, which was founded recently and has already won over vast sections of the population, although it puts no difficulty in the way of the affiliation of the co-operative societies to the "Ant", which is like-



wise composed of Christian elements; on the contrary, it leaves the societies complete liberty of choosing the group to which they will belong. This movement also is gradually developing, although less rapidly and on a less solid basis than the co-operative societies placed under the aegis of the "Ant".

The development of the co-operative distributive societies of the Raiffeisen system in Transylvania has not assumed large proportions, but it is none the less solid and constant. The societies are in very close relations with one another, and belong, as well as the credit societies of the Raiffeisen Federation, to the Centre of Nagyszeben. There were 37 of them in 1908, with 2,150 members, while at the end of 1909 these numbers had become 42 and 3,144 respectively.

Together with the co-operative credit societies, they celebrated last autumn the 25th. anniversary of their organisation.

The reproach is frequently brought against the co-operative distributive societies that failures are too frequent among this kind of union, but this reproach is only just up to a certain point. We have only to examine the last report of the "Ant" to see that in 1909 there were only four failures. It cannot be denied that the proportion of failures amongst co-operative societies is much lower than that amongst shop keepers. And if these failures are at times inevitable amongst the co-operative distributive societies, the cause must be sought for in bad management or abuse of trust by the managers. In order to obviate this defect, the last Co-operative Congress proposed as a remedy to attach the managers to the organisation by stronger bonds, creating for their benefit an old age pension bank.

The pension bank for the managers which is now in preparation, will be based on the following principles. The insurance will be compulsory for the affiliated co-operative societies, and the insurance will remain in force if the employee passes from one society to another. Half the insurance premium is paid by the societies, and the amount of the insurance is arranged between the society and the employee. The insurance includes also the family of the manager.

Most of the co-operative distributive societies have undertaken, amongst other things, the co-operative organisation of the distribution of meat and the sale of drinks. This last enterprise, whilst exercising a great influence on the morals of the people — who are less inclined to drink in shops under the control of the village schoolmasters than in the ordinary public houses — gives a salutary direction to the consumption by accustoming the people to drink wine rather than the more dangerous brandy. In order to supplant the anti-hygienic drinks, the "Ant" itself manufactures liqueurs for the co-operative societies and keeps large wine

cellars at Budafok. Several co-operative societies also sell wine to their members.

At the present day distributive co-operation is continually developing on a sound basis, because, having passed the period of the formation of new societies, it is now able to give itself up to the development of those existing. Thus, in these days, we meet with co-operative distributive societies in villages counting but a few hundred inhabitants, the yearly business of which is from 50,000 to 60,000 crowns. The business done by all the co-operative societies depending on the "Ant" is 40,000,000 crowns a year. These figures are sufficiently eloquent. Co-operative business done to the amount of 40,000,000 crowns is a safeguard against exorbitant sale prices not merely for the village populations concerned, but also for those outside the co-operative societies.

#### § 5. *Co-operative Insurance.*

The organisation of co-operative insurance also began about 1890. The farmers who were also cattle breeders had difficulty in supporting the heavy losses due to epidemic cattle disease. Livestock insurance societies were to be found here and there, but they had no legal basis, not having at their disposal the guarantee fund of 200,000 crowns required by law for the constitution of an insurance society. Centralisation has been favourable to such an enterprise, in fact, twelve years ago the Mutual Association for Livestock Insurance was constituted on a co-operative basis, with a guarantee fund of 200,000 crowns, and it at once set to work to organise co-operative insurance societies in the small villages, establishing branches there.

It founded a co-operative society in the communes counting at least 150 head of cattle and 20 stock farmers. The members of these societies pay premiums of from 1 to 5 % a year, according to the value of the animals and the death rate; the Centre reinsures them at a premium of  $\frac{1}{2}$ % of the value of the animals insured. The value of the shares is 4 crowns, and an entrance fee of some centimes per head of cattle is charged. The compensation paid is 80 % of the value of the dead animal. In addition to paying compensation the societies also concern themselves with the hygiene of the animals.

There are 184 co-operative insurance societies of this kind in the country, with 9,256 members insuring a capital of 4,336,958 crowns.

In order to encourage livestock insurance, which is of such importance in an eminently agricultural country, the Agricultural Department gives national subventions to the Mutual Livestock Insurance Association, on the foundation of each co-operative society.

Centralised co-operative insurance has been even better instituted in the other branches of agriculture, thanks to the exertions of the *Farmers' Co-operative Insurance Society*, which has established branches in the various Communes, instead of founding co-operative societies there. This Society started its work ten years ago under very unfavourable conditions and in an atmosphere of general mistrust. But prudent and tactful management has caused the last trace of apprehension to disappear from the minds of the Hungarian population, and this institution, which gains new ground every year, is to-day one of the most valuable insurance factors in Hungary.

The Hungarian Farmers' Co-operative Insurance Society is the only social and co-operative institution of the present day which deals in three branches of insurance, namely: fire insurance, life insurance and hail insurance. The three branches were introduced one by one, and with prudence, and the Society has only reached its present importance by degrees. In its administration the very possibility of profit is excluded for it fixes its insurance premiums at the minimum, on account of its co-operative character.

The first incentive to the foundation of this Society was given by the disastrous hailstorm of 1898, when the insurance companies formed themselves into trusts in order to double the premiums for insurance against hail. The farmers, at the instigation of Count Károlyi, then joined together for the organisation of insurance in all its branches.

The good results of the excellent commercial principles adopted by the eminent founders of the Farmers' Co-operative Insurance Society were immediately recognised, and there was an increase every year in the number of the members. Its rapid development will be made manifest by an examination of the yearly accounts published in the official statistics from its foundation up to the present day. The sums insured during this period in fact increased as follows.

#### Fire Insurance:

Year	Sums Insured	Premiums Paid	Claims Paid
1900-901 . . . . .	75,252,627	193,731.12	20,030.85
1902 . . . . .	112,838,744	294,168.15	187,274.66
1903 . . . . .	136,530,706	389,813.95	193,169.04
1904 . . . . .	229,917,927	695,342.17	520,293.45
1905 . . . . .	255,153,203	753,131.07	524,437.52
1906 . . . . .	281,676,363	935,176.74	466,282.90
1907 . . . . .	375,122,899	1,335,618.57	583,488.63
1908 . . . . .	537,203,961	1,855,126.64	880,659.73
1909 . . . . .	659,617,553	2,399,625.12	1,011,569.76
1910 . . . . .	757,985,407	3,063,849.08	1,401,207.10

## Hail Insurance:

Year	Sums Insured	Premiums Paid	Claims Paid
1900-901 . . . . .	8,318,320	248,375.21	124,527.88
1902 . . . . .	15,388,175	424,542.43	134,831.02
1903 . . . . .	16,829,283	466,644.52	94,972.94
1904 . . . . .	17,694,009	478,209.40	96,258.24
1905 . . . . .	19,333,176	525,481.76	206,243.23
1906 . . . . .	20,769,291	506,522.27	323,543.53
1907 . . . . .	23,489,932	549,750.76	425,591.30
1908 . . . . .	26,607,483	654,356.32	385,911.87
1909 . . . . .	35,362,898	852,570.03	582,046.14
1910 . . . . .	54,095,029	1,138,748.12	875,582.93

These figures are an eloquent proof of rapid progress and excellent management, and the most obstinate enemies of co-operation must bow before them.

And if it be taken into consideration that this Society has always been exact in fulfilling its engagements, not only towards the members who had claims for damage, but also towards the founders, who have always been punctually paid their interest at the maximum rate of 5 %, and further that the members have already twice received back their premiums, and that by the end of 1909 the Society had been able to put by a reserve of 3,915,663.54 crowns, it cannot be denied that the action of this society has been a striking victory for co-operation in a field in which it has no competitors in Hungary, namely, in that of the three several branches of insurance. Like all other insurance undertakings, the Farmers' Co-operative Insurance Society has taken care to limit its risks by means of reinsurance. In this field the society has already prosperous relations abroad so that it is able to reduce its risks at need. Its jubilee year, which has just come to a close, has been rendered memorable by the active participation of the Society in the foundation of an independent re-insurance institution, so that one more success is added to the many successes of the Society.

The operations of the Society are spread all over Hungary, and insurance societies are becoming more popular in the country every day, thanks to its altruistic principles, its excellent organisation and the vast network of its agencies, established in all the important centres, such as Pozsony, Balassagyarmat, Miskolc, Kolozsvár, Debrecen, Brassó, Arad, Szeged, Temesvár, Karlóca, Széresfehérvár, Kaposvár and Késmárk.

The Society held its jubilee General Meeting on March 9th., 1911, on the occasion of its tenth anniversary. The struggles of these ten

years were set forth in a special report drawn up by Jules Rubinek. It was decided at the General Meeting, amongst other things, that a sumptuous central building should be built in a well frequented part of the Capital, where the Society should continue its excellent work.

Co-operative insurance is also undertaken, as an accessory, as we mentioned before, by the Hungarian Farmers' Co-operative Society, the main business of which is the sale and purchase of merchandise.

#### § 6. *Co-operative Farms.*

Towards the end of the last century, very serious disturbances were brought about in certain districts by socialist agitations. The agitators not only incited the reapers to go on strike, but they succeeded also in disquieting the small farmers, by flashing before them fantastic images of land distribution. These agricultural socialist agitations were not socialist movements properly so-called, since they did not aim at the abolition of private property. On the contrary, they made the agricultural population believe that the small farmers would receive most extensive areas of land as their own property, thanks to the confiscation of large domains and especially of the Church estates. These agitations degenerated into bloody revolts in several places, and the public authorities had to resort to armed force in order to quell them.

The revolts, however, had after all a salutary reaction, since they drew the attention of the governing body to the condition of the people. Ignatius Daranyi, then Minister of Agriculture, presented an entire series of Bills to Parliament for the public good. The Bills regulated the relations between the farmer and his labourers, between the farmer and the inspector, and between the farmer and his workmen; they also provided a system of insurance for agricultural workmen and labourers. Darányi entered the division of land into small lots on the programme of his Department, as well as the institution of settlements on the land, in order to safeguard the farmers by every possible means against the oppression of the strong and against speculation.

Together with these laws for the public welfare presented by the Agricultural Department, the organisation of co-operative farms has appreciably contributed to the general pacification.

The Federation of Hungarian Farmers, faithful to its social vocation, of seeking out remedies for evils, proposed co-operative farms as a means of establishing peace in villages suffering from a deficiency of land. This idea did not raise excessive hopes, especially amongst the landed proprietors, who did not see in moneyless farmers a sufficient guarantee that they would be able to fulfil their obligations in regard to their farm leases.

The Farmers' Federation was, therefore, compelled to set the example, in order to familiarise those interested with the new idea. The population of a village belonging at that time to an agrarian socialist group asked the Federation to intervene for the leasing of a domain of the bishopric of Nagyvárád, which covered an area of some thousand arpents.. The inhabitants of the Commune of Mezögyán and some farmers of the two neighbouring villages, to the number of 79 in all, were the members of the first co-operative farm in Hungary ; it was 600 arpents in extent, and about 12 arpents were allotted to each member. The minimum fixed for a lot was 3 arpents. The Farmers' Federation at once drew up the rules of the co-operative society, and they have served as a model for the societies constituted afterwards

The organisation of this society is similar to that of the co-operative distributive societies, being based on the Commercial Code. Its members, pay an entrance fee, and subscribe for a 100 crown share, the interest on which serves to cover the expenses of the society. In addition to the rules, the farmers respectively undertake, in the lease which they contract with the proprietor, to remain members of the co-operative society throughout the entire duration of the lease, and to keep all its engagements. The society may exclude negligent members. The lease is the only *raison d'être* of the society, and its duty is to see that the land is properly cultivated and to buy certain necessary articles in large quantities. It has nothing to do with the working of the farm, but it has to arrange for the division of the land in lots amongst the members, each member cultivating the part allotted to him according to his fancy.

In order to procure the credit for the necessary stock of implements, the Farmers' Federation, in addition to giving great facilities for the creation of co-operative farms, thanks to its moral guarantee, so organises the farms as to allow of their members entering the co-operative credit societies already existing in the village, where they can get the necessary loans. The Federation assured itself of the collaboration of the Central Co-operative Credit Society for this purpose, and that Society thus became one of the protectors of co-operative farms.

It is only a few years ago that the first co-operative farm was started at Mezögyán, and there are already several others in the country those : of Mezögyán, Brogyán, Mezökeresztes and Kalocsa set a fine example to the other villages and the big proprietors by their rapid development encouraging them to start others. The Farmer's Federation, which is only now in its beginning, is at the present moment preparing to organise the central control, supervision and information service. This organisation is just as necessary here as in the other branches of co-operation. The Department of Agriculture is giving valuable aid in this work, having adopted the principle of not granting national subsidies except to the farmers'

co-operative societies which submit to the supervision of the Hungarian Farmers' Federation.

The Farmers' Federation has established direct relations between this movement and the return of Hungarian emigrants from America, who, having more or less important sums of money at their disposal, would be glad to buy land, but have to content themselves with leasing farms, on account of the exorbitant price of landed property.

The co-operation of farmers is not likely to branch out in new directions, however, until it has special credit resources at its disposal. The Farmers' Federation is well aware of this fact, and it has therefore begun to organise a special centre provided with the necessary funds for the co-operative farms. Much is hoped from the Bill which has been prepared with such care by the Ministry of Agriculture in regard to settlements and insuring important new concessions to the farmers' co-operative societies.

When the encouragement of live-stock improvement was resumed, the Farmers' Federation made out the rules of the pasturage co-operative societies; according to these rules, these societies would undertake to farm pasture lands and to hire shepherds.

#### § 7. *Co-operative Agricultural Machine Societies.*

The union of the agricultural population in the farmers' clubs, the popular instruction in agricultural knowledge, and more particularly the popular winter lectures of the Ministry of Agriculture opened the way for technical science and for farming with machinery. In the region inhabited by the Sicilians nearly every farmer has his "machine shed", where the drill machines, thrashing machines, sorters, reaping and other machines belonging to the small farmers' co-operative societies are kept. More powerful machines are acquired in the South, and the farmers have joined together in veritable co-operative societies; at the present day there is a steam plough for every 4 or 5 communes, belonging to a co-operative society of from 20 to 25 small farmers, who thus have at their disposal a machine which is worth from 15,000 to 20,000 crowns. The small German farmers of the South are better off and more modern from the agricultural point of view and it is therefore quite natural that the first steam plough co-operative societies should have been formed amongst them, on the initiative of the Economic Association of Southern Farmers. In addition to this numbers of small farmers in different places, exasperated by the reapers' strikes of late years, have joined together to form co-operative societies for the use of thrashing machines. Thus, in several parts of Lower Hungary, machines are used to till the ground, to gather in the

harvest, and almost everywhere, to thresh the corn. The Ministry of Agriculture has granted aids to this class of co-operative society.

#### § 8. Co-operative Centres and Groups.

The harmony which reigns in the whole of the Hungarian co-operative movement, in spite of diverging interests, is also revealed in the organisation of the co-operative centres. It was the munificence, based on ardent and convinced patriotism, and the untiring and philanthropic action of Count Károlyi, which was responsible for the initiation and support of the organisation work in every part of the country. He was barely seconded in the beginning by a few faithful friends, amongst whom Ignatius Darányi, ex Minister of Agriculture, was one of the most devoted, a veritable Meacenas of the co-operative movement. By his action when Minister, the State became the chief protector of this movement and even the creator of the Central Co-operative Credit Society. Stephen Bernát, the creator of the co-operative press, worked with prodigious assiduity and zeal in the same rank as these two pioneers of co-operation ; he was the distinguished writer of the co-operative movement for more than thirty years, and established for it a genuine patriotic and social school by uniting in one group the authors of " Co-operation " (*Szövetkezés*).

Under the direction of these eminent men a moral centre was established for the work of co-operation and soon became its chief resource, namely, the *Hungarian Farmers' Federation*, the of which mission, as before mentioned, was not simply to raise the village population from the social point of view and protect existing co-operative societies, but also to become the continually vigilant organ of all the co-operative work of the country and continually to start new offshoots from the co-operative stem. The constitution of the *Federation of Hungarian Co-operative Societies* in 1908 was due to its initiative, and the greater part of the co-operative activity is divided between these two bodies, especially as regards co-operative literature and instruction, the re-establishment of harmony amongst the co-operative societies and the representation abroad of the Hungarian co-operative movement. We do not believe that there is another country which has succeeded, as Hungary has done, in joining in one federation all the co-operative societies of the country. The *Federation of Hungarian Co-operative Societies*, in fact, includes all the co-operative centres and groups of the country, a phenomenon which has no parallel in the world.

The great central co-operative societies preceded the formation of the groups ; because the *Hungarian Credit Foncier*, the *Small Farmers' Credit Foncier* and the *Hungarian Farmers' Co-operative Society*, all three



of which were established to satisfy the demands of the farmers for mortgage loans, were founded at an earlier period, and it was not until later that the first regional groups of co-operative societies were formed: the *Co-operative Credit Society of the County of Pesth* with its national successor the *Credit Institute of the Co-operative Societies of the Country* and its successor, the *Central Co-operative Society of the Country*, in 1898. Towards the end of the century the co-operative movement had reached the period of great centres with the foundation of the "Ant", the "*Central Bureau of the Christian Co-operative Societies*", the "*Farmers' Co-operative Insurance Society*", the "*Hungarian Mutual Live-Stock Insurance Society*" and the "*Federation of Servian Farmers' Associations*."

All these centres and groups, joined together in the Federation of the Hungarian Co-operative Societies for the purpose of propagating the cause of Hungarian co-operation, have always considered it their duty to develop and encourage to the utmost degree possible every branch of the co-operative movement. With this object they co-operate in perfect harmony, even when some of them are working side by side at the same class of co-operation. In addition to commercial activity, all their care is bestowed on co-operative literature, on the popularisation of co-operative information, and they represent the interests of the co-operative society in every emanation of public life, from communal administration to legislation, so that they form a special organisation for the protection of co-operative societies. Their task is facilitated by the circumstance in which nearly all of them are placed, under the direction of the most distinguished personages of the agricultural world.

**§ 9. The Action of the Public Administration in the Domain  
of Agricultural Co-operation.**

The administrative organisation is of increasing interest in this movement, since the State is actively protecting co-operation. For several years past the Government has been penetrated by the thought that the public authorities are not only the directing factors but also the protectors of the people, and that they ought to care not only for the maintenance of public order but also for the well-being of the people. This point of view and the new tendency which prevails in agricultural policy in our days, making it a primary duty to raise the material condition of the small farmers and agricultural labourers, — for which end co-operation offers the best means — are sufficient to explain the greater activity of the authorities and agents of Public Administration, and especially of the Agricultural Administration, in regard to the co-operative movement.

The Ministry of Agriculture takes an equally active part in the organisation of co-operative societies, in the collecting of information and in the control and protection of these unions.

The organising action of the Ministry is particularly shown in the co-operative dairies and in the co-operative societies for domestic industry. In fact, the co-operative dairies still lack centralisation, and that is why everywhere, with the exception of the County of Moson where the co-operative dairies are under the management of the Live-Stock Improvement Association at Magyaróvár, it is the Ministry of Agriculture that has been organising co-operative dairies throughout the country, publishing a report every year on the results of its action. The last report (1910) shows that in 1909 the Ministry founded 43 new co-operative dairies, bringing the total number in the country up to 541. The Ministry supplies these co-operative societies with the documents necessary for their establishment, and even sends one of its representatives to the foundation ceremony, with instructions to give all necessary information. In addition to this, the Ministry supervises the societies and comes to their aid in the making out of balance sheets and accounts at the end of the year. It also accords them other privileges, distributing butter making and milk machines, and giving them grants in money.

The Ministry also has special instruments at its disposal for the organisation and protection of the co-operative societies for domestic industry, which supply the agricultural population with work during the winter period of unemployment. The Ministry holds courses of instruction in domestic industry, establishes willow nurseries and provides the societies with the necessary materials and machinery, and with considerable grants of money. It has also established several warehouses and a spinning mill for their benefit. All these societies obtain the necessary credit from the Central Co-operative Credit Society, and conduct their sales through the medium of the "Ant" and the National Federation of Domestic Industry. According to the Ministerial report, there were 75 co-operative societies of domestic industry at work in 1909, with 4,669 members and 6,293 shares (*parts*) of the total value of 138,955 crowns. The members of the co-operative societies have made 850,508 articles altogether, the sale of which brought in a total of 457,158 crowns.

There are several countries, notably in the Siculian counties of Transylvania, and in those of the North-west and North (inhabited by Slovaks) where the agricultural government, desirous of raising the poor folk who are oppressed by the usurers, has installed special delegations charged, amongst other things, to organise co-operative dairies and co-operative societies for domestic industry and to protect them by every means in their power. These three delegations — the Siculian, that in the mountain region and that in the North — organise co-operative credit societies in

collaboration with the Central Co-operative Credit Society, and co-operative distributive societies with the "Ant" and co-operative live-stock insurance societies with the Mutual Association for Live-stock Insurance. In 1909 there were, in the territory of the Delegation of the mountain regions, 143 co-operative credit societies, 77 co-operative warehouses for the produce of the soil, 34 co-operative distributive societies, and several co-operative dairies and live-stock insurance societies. In the territory of the Sicilian Delegation there were 139 co-operative distributive societies, 285 co-operative credit societies, 46 co-operative dairies and 55 live-stock insurance societies, without counting several co-operative societies for agricultural machinery. All these groups receive moral and financial assistance from their respective Delegations.

The Ministry of Agriculture also protects all classes of co-operation throughout the country, either by pecuniary assistance or by arranging for its agents, professors of agricultural institutes, itinerant lecturers and inspectors of agriculture — to give any advice, information or explanations which may be necessary to the members. In the distribution of subventions the Ministry keeps to the principle of assisting those co-operative societies only which give proof of some vitality and have the land necessary for their operations; in other words, the State does not give its money to assist insolvent co-operative societies. Several thousand lectures are organised every year at the Hungarian Farmers' Federation, the Delegations, and the Departmental Associations of Agriculture, and these lectures are also valuable factors for the co-operative propaganda.

The agricultural, commercial and financial administrations have an equal influence on the working of the Central Co-operative Credit Society. We explained above the manner of this influence and protection. We desire to add now, on the subject of the co-operative live-stock insurance societies, that they receive an aid of 400 crowns from the Ministry of Agriculture toward the initial expenses of their establishment. We have spoken elsewhere of the co-operative wheat stores, the building expenses for which were supplied up to 5/6 of the whole amount by the State reserving to itself the right of proprietorship over these buildings.

Of late years the Department of Public Instruction has taken the cause of the co-operative societies instituted for the benefit of villagers under its protection. School teachers are considered to be the best propagandists of co-operation, and that is why the former Minister of Public Instruction, Count Albert Apponyi, sent round a circular to all school teachers and inspectors inviting them to do their utmost in favour of the movement and to encourage the foundation of co-operative societies.

In addition to the exertions of the Government, a propaganda of equal importance is made by the self governing public administrative bodies, that is to say, by the communes and counties. Under the influence

of the social policy of the past few years, several prefects have issued orders for the departmental and communal functionaries to encourage and protect co-operation, and several communes and counties have accorded aid to these societies; some of them have placed the funds of the Orphans' Banks with co-operative societies. In fact, more than one co-operative society owes its extension to the intervention of the village notary, who managed and directed it.

In spite of the importance of the official protection of the public authorities, however, the natural basis of co-operation is social action, and the assistance of the authorities is only of a subsidiary character; it is also sporadic and limited in extent, especially as regards the co-operative distributive societies.

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PART II.

**INSURANCE.**



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# INSURANCE

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## GERMANY.

### I. — CURRENT QUESTIONS.

#### Social Insurance in Germany and the German Farmer (*continuation*).

#### PART II.

#### The Creation of a New Imperial Code for Social Insurance.

##### Sources:

See Bulletin No. 8, August 31st, 1911, as well as:

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#### § 10. Its origin.

In the first part of our study we examined the present condition of the social legislation in Germany. Although this great legislative work is not without a guiding line, it cannot be denied that the complexity of the provisions relative to the different branches of insurance and contained



in the 8 separate laws render them anything but clear and intelligible for the great majority of the persons insured, or even for the managers of the insurance institutions and funds. The triple division of the text, the existence of very different administrations and tribunals, the great number of supplementary provisions, and lastly, the continual reference of one paragraph and one law to another, favour the unfortunate intervention of certain unsatisfactory agents, uselessly increase the number of trials and necessitate the institution of special offices.

If to these decided disadvantages of form be added the previously noted tendency to an amplification of the social work, it will be easy to understand why a reform is insisted upon, as well as the remodelling of the existing laws. A large number of the most competent German writers on the subject of social insurance, such as Schäffle, Freund, Kulemann, Seybold, v. d. Osten, Bödiker, Duttmann, Stier-Somlo, Maes, etc., insisted on the necessity for this years ago; unhappily, however, they differ as to the method of the reform to be carried out, and the opposition of interests has caused obstacles to arise which are apparently insurmountable, and have only been partly disposed of in the new Code.

In the first place there was a difference between the absolute reformers, who wanted to have an uniform basis for insurance, at the same time enlarging its sphere of action both in regard to the number of persons insured (workmen of all kinds, including those earning a high wage) and the class of insurance (insurance for the benefit of survivors, for maternity cases, for unemployment, etc.), and on the other hand those individuals, few enough, for that matter, who are against the limitation of individual responsibility, the Conservatives and the Government, anxious for the finances of the Empire.

In addition to this, there was a certain conflict of interests between the town and the country, between masters and men, between the different institutions and the Insurance Funds.

The first step on the road to reform was made by the Wiedfeld project, which has the merit of having being drawn up in an endeavour to smooth out the difficulties. Wiedfeld proposed to base the whole insurance system on the union of the local sick insurance Funds, and the project was favourably received. From the date when it was drawn up, however, to the period when it was published by the Imperial Bureau of Social Insurance, that is, in April 1909, many important modifications were made in it.

The work of Wiedfeld, divided in 1,793 paragraphs, was presented to Parliament a year later, in March, 1910, and was then sent for examination to a Special Commission composed for the most part of men interested in the study of social insurance. This Commission brought its labours to an end in February, 1911, and the new Bill was read in Parlia-

ment for the second time on May 5th, and May 27th of the same year. It has been suggested that this reading was too rapid for so long a Bill, but it was however, passed, by a majority of 232 votes to 58 against and 15 abstentions. Those who were against the Bill were the Socialists, Liberals and National Liberals, its partisans being the Conservatives.

At the beginning of June the Federal Council approved the Law, which received the sanction of the Emperor on June 19th., 1911. It was then published in No 42 of the Imperial Bulletin of Laws (*Reichsgesetzblatt.*)

The new Law, codified in 6 volumes, and comprising 1805 paragraphs, with an introduction in 104 Articles, has not been applied all at once in its entirety. Whereas the measures prescribed for its application enter into force at the time of the publication, vol. IV (insurance against invalidity and for the benefit of heirs) cannot be applied until January 1st., 1912, and the other parts at different periods to be determined by Imperial decrees.

It was at first proposed to put into force, on July 1st., 1911, the articles concerning insurance against sickness and accidents, but the obstacles put in the way of the application of the innovations carried in this field necessitated the change of date above mentioned. We may add that in virtue of the introducing Law, the old corresponding laws are abrogated by degrees as the various parts of the Code enter into force.

#### § 11. *The Work of Unification and the Chief Innovations.*

Although opinions are very divided as to the advantages and defects of the new Law, the public has been almost unanimously in favour of it, on account of the work of centralisation that it will accomplish.

As to the form, the legislature, it must be understood, does not entirely remodel the old insurance laws in one new Law, as most of the theorists would desire. It has restricted itself, on the contrary, to drawing them up in one single Code, allowing the triple division in insurance against sickness, accident and invalidity to continue, and only collecting together in the first volume the provisions common to the three branches of insurance.

It does not unify the bases, that is to say, the insurance institutes (*Versicherungsträger*), but it preserves the three old categories: funds, co-operative societies and institutions; all of which are institutions which have already become traditional, and, for the matter of that, been proved in practice. Another thing which prevented a reform in this direction was the economic order. The expenditure necessitated would have been too high, so that the legislature preferred to renounce all secondary alterations

such as had been frequently proposed, like that of joining insurance against sickness to that against accidents, or the latter to invalidity. Exception was made to this principle of differentiation in the insurance for the benefit of heirs, which was introduced into the Code by the new Law and was not instituted as a special branch, but was grafted on to the insurance against invalidity.

If the work of unification was not applied to the outer form and the bases of insurance, it was on the other hand extended to the interior forms, by the creation on one side of a more ordered and homogeneous system of administrations and tribunals and by the introduction of a more equitable method of fixing incomes, and on the other by enlarging the circle of insured persons to all classes of wage earners without distinction, and reducing on the whole (this, however, was in a restrictive measure and for opportune reasons) the provisions relative to certain classes of persons (farmers, domestic servants, seamen, etc).

In addition to these acts of unification which, in the matter of administrative jurisdiction, also considerably lighten the task of the Imperial Bureau of Social Insurance, some innovations have been introduced which, even if they do not respond to the views of the « Sozialreformer » certainly mark a stage on the road of progress.

First of all, it may be noted that the sickness insurance is extended to 6 or 7 million agricultural labourers and foresters, domestic servants, persons working at their own homes (*Heimarbeiter*) and piece workers. The insurance obligation extended to everyone earning a wage up to 2,500 marks must also be mentioned. On the other hand, some amplifications were made in the insurance of agricultural women labourers during their confinements, which are more of the nature of an innovation than of a modification.

The new Law then provides for the compensation of those women who nurse their infants. It extends the wage limit of workmen and foremen, etc, who are to be compulsorily insured, and institutes insurance for the benefit of heirs (mentioned above) consisting in the payment of an annuity or of compensation to widows or widowers (in cases of incapacity for work) and to children.

The Law, lastly, adjusts the conflicts of interests between the insurance funds and the doctors. On the other hand, while refusing for the time being and for reasons of a financial nature to lower the period for the enjoyment of the pension from 70 to 65 years, it charges the Federal Council to draft a bill for the settlement of this question and to present it to Parliament in 1915, thus providing for a reform in this important matter.

To sum up, these innovations, which we shall study more in detail further on, in regard to their importance in connection with agriculture,

undoubtedly present considerable advantages for the persons insured. They are also susceptible of being still more improved and developed in the future.

## § 12. General Provisions.

Before undertaking the study of the provisions concerning the agricultural labourer, whose insurance comes within one of the three categories, we will first pass in review these provisions in regard to those points which are common to each working class.

We shall only examine the essential questions here, beginning with a) the insurance institutions and b) the insurance offices, and ending with c) the procedure.

a) The Law, as we have already seen, leaves their triple division to the *insurance institutions*.

Insurance against sickness being now compulsory for all agricultural labourers, domestic servants and those working at their own homes or by the piece, societies will be founded for this branch similar to those already in existence for the benefit of industrial workmen. As we shall see further on, however, they are different from the latter in certain particulars.

All the institutions included in the three classes preserve their civil personality. They are represented and directed by a chairman. The administrative functions being honorary, no remuneration is paid for them and they cannot be filled except by German citizens (men or women) who are in the enjoyment of their civil rights and are not prohibited by law.

If the persons who assume these functions belong to the employer class, they must be men who employ at least one insured worker, or heads of undertakings or, if the case is one of co-operative accident insurance societies, the legal representatives of the members of the societies.

The administration of the sickness and invalidity insurance institution and those for the benefit of heirs includes among its members salaried individuals who are insured with the institution that they represent. These members have to remain in office for four years, and, except in certain cases admitted by the law, they are liable to a fine not exceeding 500 marks if they refuse. We have stated that these services are gratuitous, but the institution allows compensation for immediate expenses and loss of salary. If those employees who are earning a salary advise their masters in time of the obligation to perform their administrative functions on such and such a day, their absence cannot be used as an excuse for dismissal. After fulfilling their functions for at least two years the members may decline to be re-elected. They are responsible for their management,

and if any matter to be discussed is one in which they are personally interested they are prohibited from voting.

As to the capital of the various institutions, it cannot be used except in accordance with the provisions of the Law and to the same extent as the property of minors and orphans. It may be employed for the purchase of "public security" bonds or securities issued by the German mortgage banks on which the Imperial Bank pays loans of the first class. Or on the other hand, it may be used with the special authorisation of the Superior Control Bureau, which is also called upon to decide the way in which advances that may be made to the Communes are to be invested. The revenues are recovered in the same way as the Communal taxes. Arrears cannot be claimed after a period of two years dating from the expiration of the year when they became due. When payments have been made in excess they cannot be reclaimed after the lapse of 6 months.

As to the control kept by the special bodies, this relates to the observation of the laws and the rules as well as to the management and bookkeeping of the insurance institutes. The members of the special bodies may request the presentation of the books, inflict fines not exceeding 1,000 marks and arrange for the convocation of the administrators.

b) The *insurance offices* represent the public authority in the matter of social insurance.

These are divided into :

- 1) insurance offices ;
- 2) superior insurance offices ;
- 3) the Imperial Insurance Office or Bureau and the insurance offices of certain States.

The insurance offices, which it was at first intended to make completely independent under the direction of a special functionary (*Versicherungssammler*) who is competent in juridical matters, have finally been attached to the departmental administrations.

The law, however, authorises modifications in the distribution of these offices, if their needs require a more or less extended administrative district. The attributes of these offices consist in: representing the interests of social insurance, furnishing all information concerning it, and assisting the insurance institutions in the management of their affairs.

The functionary charged with the local administration (*Landrat* : sub-prefect) is at the same time chairman of the insurance office. He has a substitute and in certain cases assessors, who are selected in equal numbers from among the employers and the insured administrators of the sickness insurance societies situated in the district and comprising at least 50 insured members. The election of the assessors is made in accordance

with the rules governing that of the administrators of the insurance institutions, except that women are excluded from these functions and that account must be taken of the distribution of employments in the district (agriculture, commerce, industry etc.).

Each office institutes one or more commissions composed of these assessors and charged to bring about an amicable settlement of the differences foreseen by the law, and a special commission which has to pronounce in the first instance on matters which are also indicated by the Law. The first include a chairman and two assessors, and the second a chairman and four assessors. Both chairmen and assessors are selected from amongst the masters and men in equal number. In certain cases the assistance of technical agents may be requested. The expenses of the office are borne by the State in which the office exists.

The *superior insurance offices* are founded in the second instance and pass the decision in arbitration cases and in matters of control. Their headquarters are the largest administrative districts (generally the provinces) and they may be common to several States with the consent of the respective Governments.

The superior office is composed of ordinary members and assessors. The members are public employees; the nomination of the Director is irrevocable. The latter may exercise other functions as well, and he is aided in his task by a member of the office, who acts as his substitute.

The assessors, who generally number 40, are elected half from among the masters and half from among the employees. The assessor masters are elected in accordance with a system of special division from the members of the insurance institute and from amongst those at the head of the co-operative insurance societies. The assessor employees are chosen from amongst the insured of the district.

Like the insurance offices, the superior offices are divided into two sections, the arbitration department and the judgment department. The chairman of the first is an ordinary member assisted by two assessors, one of whom is a master and the other an employee. The second department is composed in the same way, with the difference that the chairman is assisted by an ordinary member.

The superior office is subject to the supervision of the supreme administrative authority of the district, which supplies it with the supplementary staff as well as the premises for the offices. The expenses of the office are borne by the State where it is situated. For each arbitration concerning it the insurance institution pays a certain sum to the superior office; the amount of these sums, which must every four years be drawn up and revised in an uniform fashion for the whole of the Empire by the Federal Council, should be sufficient to cover all the expenses of the office with the

exception of the salaries of the members and the procedure expenses incumbent on the condemned party in the matter of sick insurance.

The *Imperial Insurance Office* at Berlin and the *State Insurance Office* of certain States where there are more than 4 superior insurance offices are the bodies to which appeal is to be made in the last instance in questions of social insurance. This last clause was an innovation of the Code, and the consequence of it is that no other State offices can be created in addition to the eight offices already existing.

The expenses of these State institutions are charged to the respective Governments, while those of the Imperial Office are borne by the Empire.

The Imperial Office is composed of ordinary and extraordinary members. Amongst the *ordinary members*, who are all presented by the Federal Council, the chairman, the directors and the chairmen "of the chamber" (formerly *Senatsvorsitzende*), are nominated by the Emperor, and the others by the Chancellor. The number of the *extraordinary members* is 32, and 8 of these are elected by the Federal Council (6 should belong to the Council itself), 12 from amongst the masters and 12 from amongst the workers. A corresponding number of substitutes is elected for the last two categories, who take the place of the members when the period of their charge has come to an end.

These new members, who must not be women, are paid and also receive their travelling expenses.

The Imperial Office is composed of a court of arbitrators of seven members and a court of five judges.

Trials of considerable importance are deferred to a supreme court formed of 11 members (up to the present 9).

A bookkeeping bureau is attached to the Imperial Office and is charged to deal with technical questions, such as the calculation of insurance, etc.

The organisation of the State offices is analogous to that of the Imperial office on the main lines.

c) Amongst the other general prescriptions, those concerning the *procedure* deserve first mention.

Any litigation in insurance questions is decided either by arbitration (chamber and court of arbitration) or by judgment (chamber and court of judges.)

All business relative to the rights of the insured as recognised by the law are examined in accordance with *arbitration procedure*, as well as those concerning the compensation received by the insured persons, in virtue of these rights, from insurance institutions and third persons.

The *judgment procedure*, on the contrary, is applied to all other litigation, that is to say, to questions of administrative law.

It follows that all that concerns the obligation or non-obligation of insurance, the creation and dissolution of sickness insurance funds, the compul-

sory adherence of an undertaking to an insurance institution or co-operative society, the validity of the regulations and rules, the fixing of fines, etc., comes within the judgment procedure.

As to this judgment procedure, which is not uniform, it requires a separate study for each of the three branches of insurance.

In regard to *sickness insurance*, it must first be noted that no payment is granted by the insurance funds except in response to a special demand sent to the fund or to the responsible person (employer).

Cases of litigation are decided in the first instance by the district insurance office where the insured had his domicile at the time the demand was sent.

A provisional decision may, in all cases, be taken by the chairman, and revoked afterwards in accordance with the same procedure as the judgments, or, on the request of the persons interested, it may be submitted to revision. In default of such a request, the effects of the provisional decision taken by the chairman are analogous to those of the judgments, both in regard to revision and appeal. If the claim is made by the person interested, or if the chairman does not take any provisional decision, the Judgment Commission gives sentence on the basis of the oral and public trial. The following cases are exceptions to this rule :

- 1) The fixing of compensation paid in case of sickness and the settlement as to the period of time during which it is due ;
- 2) The entry of the sick person into hospital and consequently the non-payment of the pension.
- 3) The stipulation of the compensation due in case of death ;
- 4) Payments below 50 marks.

The chairman alone decides these cases in public sitting.

The judgments of the insurance office are brought in appeal before the judgment chamber of the superior offices. In the four cases above mentioned, the chairman of the chambers may take provisional decisions.

The judgments of the superior office may finally be deferred in the last instance to the Imperial Office or the State Office. The revision can be demanded only in case of the non-application or the false application of the law or for some fault of procedure. It cannot be made if the question is one :

1. of the amount of the compensation granted in the case of sickness or death ;
2. of subsidies concerning an insured person who has not been ill more than 8 weeks ;
3. of compensation paid to women who are confined ;
4. of aid granted to the families of sick persons ;
5. of a general compensation ;
6. of the costs of trials.



As to the payments of the *co-operative accident insurance societies*, these are fixed on the declaration of the accident. Complaints in regard to the decisions of the insurance office are brought before the superior office and the Imperial Office, or before the State Offices.

The procedure differs according as the question is one of provisional or definite pensions. While the provisional pensions vary according to the condition of the injured person, the rate of the definite pension which is paid from the second year after the date of the accident, cannot be changed except once a twelvemonth.

A circumstantial account of the pension that he is to receive is communicated to the insured person. If he protests against the decision taken in his case concerning the provisional pension, or his first definite pension, the co-operative insurance society or the insurance office asks him to put in an appearance. In the case of the modification of a pension rate the measures taken are the same.

According as the claimant appears or not, the trial is begun or the decision is taken without him. The office may send the demand having reference to the provisional or definite pension to the co-operative society. In regard to the modification to be made in the rate of definite pensions, the office must, with the aid of an employer and an insured person, give an opinion on which the co-operative society pronounces a definite sentence.

Claims against the co-operative society are brought before the superior office, and in the last resort the appeal is made before the Imperial Office, which, however, happens only in a limited number of cases.

In regard to insurance *against invalidity and for the benefit of survivors*, the payments must be the subject of a special demand. The insurance office studies the question and delivers an opinion in accordance with a decision in which ordinarily an employer and an insured person take part. The certificate is sent to the Insurance Office, which decides. Any claim against this decision is deferred to the superior office, and finally recourse may be had, except in certain cases which exclude appeal, to the Imperial Office or the State Office.

Lastly, as concerns *litigation* between the *different institutions, funds and co-operative insurance societies*, or between the latter and the *Communes* or the *Communal Public Aid Societies* the law decided the cases which are to go to the arbitration courts and chambers and those which are within the province of the judgment courts and chambers.

The insurance offices are here in the first instance; the appeal is brought before the superior office and the final appeal before the Imperial or State Office.

All the first instance cases are brought before the office or the district where the insured worker lives; when he lives abroad, in the district that he inhabited before his departure.

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# INSURANCE

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## ITALY.

### I. — RECENT NEWS.

#### 1. Legislation and State Intervention in Regard to Agricultural Insurance.

1. **The Reorganisation of the Council of Thrift and Social Insurance.** — The Council of Thrift and Social Insurance in Italy is a superior public body of a consulting order in questions of thrift. There was already in existence in 1869, attached to the Ministry of Agriculture, a Consulting Commission for thrift institutions. The composition of this body was later on modified by Royal Decree of July 22nd., 1894, creating the above mentioned Council and the Decrees of January 19th., 1905 and January 20th., 1910, which determined its attributes. The Council was recently subjected to general re-organisation by Royal Decree, October 20th., 1911. In conformity with this Decree, it gives advice in all cases when required by a provision of the law or the regulations.

The Minister of Agriculture has also the right to submit to the examination of the Council all questions relative to thrift and to workmen's insurance on which he wishes to ask its advice.

The Council is composed :

a) of fourteen members nominated by Royal Decree on the proposal of the Minister of Agriculture, Industry and Commerce. ;

b) of a representative of the Superior Council of Labour, designated by the Council from amongst its members ;

c) of a representative of the Superior Council of Public Aid and Beneficence, designated by the Council from amongst its members ;

d) of a representative of the Mutual Aid Societies, designated by the National Federation of Mutual Aid Societies ;

e) of a representative of the ordinary Savings Banks, designated by the said Banks ;

f) of a representative of the National Insurance Societies, designated by the said Societies.

There are other persons who form part of it by right, as : The Director General of Thrift, Credit, Co-operation and Social Insurance, the Director General of Statistics and Labour, and the Director General of the Thrift Institutions of the Treasury.

The Minister of Agriculture may also, whenever he thinks advisable, ask the functionaries and private persons who are competent in the questions inscribed on the order of the day to take part in the meetings with a right of discussion but not of voting.

The Council meets in ordinary session once a year, and in extraordinary session whenever the Ministry thinks advisable.

Every session the Minister designates a president and vice-president, but the presidency is assumed by the Minister himself or by the Under Secretary of State when one or the other takes part in the meetings. The decisions are taken in accordance with the majority of votes. When the voting is equal, the president has the casting vote.

(Summarised from the *Gazzetta Ufficiale del Regno*, Rome, N.º269, November 18th., 1911).

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2. The first Travelling Lecturerships of Thrift in Italy. — As long ago as June 12th., 1908, the Superior Council of Work and that of Thrift approved a project for the founding of special travelling lecturerships. They were to have been attached to the Ministry of Agriculture and their main object was to make an active propaganda for the encouragement of thrift in all forms. But the proposal has never been realised, for various reasons. This fact, however, did not prevent the National League of Co-operative Societies and the Italian Federation of Mutual Aid Societies, which have been carrying on a vigorous campaign in favour of these lecturerships, from continuing to work for their foundation (1) and insisting on the matter with the Government. The result of these labours has been the inscription on the agricultural budget of a sum of 30,000 francs "for encouraging and subsidising initiative in favour of thrift by means of travelling lecturerships, lectures and other means of propaganda."

This sum, divided by the Government amongst the National League of Co-operative Societies, the Italian Federation of Mutual Aid Societies,

(1) See in the *Bulletin of Social and Economic Intelligence*, July, 1911, p. 62, the order of the day on the travelling thrift lecturerships voted by the General Congress of Italian Co-operative Societies, in July.

the Humanitarian Society of Milan and the National Committee of Agricultural Mutuality, has aided these institutions to found the first travelling thrift lecturerships. Three of them are already in existence in Milan. Their programme is as follows : (1)

a) to make active propaganda for the purpose of spreading the thrift institutions in their various forms (mutuality, co-operation, savings, insurance) ;

b) to popularise the rules for the constitution and satisfactory working of these institutions ;

c) to facilitate the practical installation and organisation of these, at the same time arranging for a suitable control ;

d) to draw up in advance the calculation of the social engagements and the relative entries, especially as far as concerns the attribution of the subsidies and allocations ;

e) to popularise the hygiene of labour and social legislation in general ;

The means indicated for realising this programme are as follows :

a) oral propaganda ;

b) publication of propaganda distributed in the manner recognised as most satisfactory ;

c) special lessons to persons aspiring to posts as teachers and as secretaries to the mayors ;

d) competitions, and other forms of encouragement, for the best of these institutions.

These lecturerships will be under the supervision of a committee consisting of two delegates for each of the foundation institutions, which, as we have already said, are : the National League of Co-operative Societies, The Italian Federation of Mutual Aid Societies, and the Humanitarian Society. The Committee will examine the action of the various lecturerships and present proposals to the Ministry for rendering them more and more efficacious.

While the lecturerships for thrift in general were created at Milan, a lecturership was established at Rome for the propaganda of mutuality essentially in favour of the small proprietor, farmer and peasant. This special lecturership, which bears the name of the " National Committee of Agricultural Mutuality " was formed with the express intention of working for the following ends :

a) to make active propaganda for the diffusion of mutual and thrift institutions in their various forms, and to encourage small proprietors and farmers, especially settlers and agriculturists, to belong to them ;

(2) The programme of the travelling thrift lecturerships, and the method of their execution, is that already approved in 1908 by the Superior Councils of Labour and Thrift.

b) to popularise the rules required for the constitution and satisfactory working of these institutions, mutual cattle insurance societies, mutual scholastic societies, etc., and to facilitate their installation and organisation, at the same time providing for the necessary control; to encourage their technical and economic improvement by creating Federal bodies for the express purpose of carrying on reinsurance;

c) to spread the knowledge of hygiene in cattle raising amongst small farmers and proprietors everywhere, as well as the knowledge of the legislation made for the purpose of developing mutuality and thrift.

It was proposed that there should be a directing commission in the working of the lecturership in question, composed of a representative of the Society of Italian Farmers, the Federation of Mutual Aid Societies, the Federation of Agricultural Consortiums, the Federation of Mutual Scholastic Societies, &c. A representative of the Ministry of Agriculture, the General Direction of the Board of Health and the National Thrift Fund will also be attached to the lecturership.

(Summarised from *Cooperazione Italiana*, the organ of the *Lega Nazionale delle Cooperative* and the *Federazione italiana delle Società di mutuo soccorso*, Milan, N. 955' Nov. 4th., 1911; and from *Mutualità agraria*, organ of the *Comitato nazionale per la mutualità agraria*, Rome, N. 16, Nov. 15th., 1911).

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3. A circular of the Minister of Agriculture in favour of the National Committee of Agricultural Mutuality. — The Minister of Agriculture recently addressed a circular to the Travelling Lecturers of Agriculture and to the Agricultural Associations in favour of mutuality. "The National Committee of Agricultural Mutuality" wrote the Minister "which was constituted in consequence of the efforts of men who have done a great deal for agriculture, proposes to carry out, throughout the whole of Italy, an active programme and propaganda in the field of mutuality, with the object of arousing amongst the Italian farmers that spirit of solidarity and thrift which is the instigator of institutions that, whilst diminishing the risks attached to agriculture, at the same time consolidate its wealth and prepare a better future for it."

After dwelling on the results obtained in other nations by agricultural mutuality, the Minister concludes as follows: "I am sure that all the agricultural institutions to which the Committee addresses itself will agree to lend their valuable assistance for the accomplishment of a work of public interest."

(Ministry of Agriculture, Industry and Commerce. - General Direction of Credit, Thrift, Co-operation, and Social Insurance. - Circular N.º 5, Sept. 16th., 1911).

## 2. Work of the Agricultural Insurance Institutions and Miscellaneous Information.

1. The Italian Hail and Fire Insurance Societies in 1910. — 1. *Hail insurance.* — The business done in 1910 in insurance against the damage done by hail was much more intense than in previous years, but the industrial results were not satisfactory. We have brought together, in the following table, the principal data for each society relative to the working year 1910, which data have been taken from the balance sheets of the societies published in the *Bollettino Ufficiale*.



## The Italian Hail Insurance Societies in 1910.

NAME OF THE SOCIETY	Head- quarters	Year of found- ation	Premiums gross figures — France	Reinsur- ance premiums — France	Com- pensation paid	Losses, reinsured	+ Profits — Losses	Share or guarantee capital	Assured capital
La Reale . . . . .	Bologna	1891	1,801,886	342,545	1,635,261	428,688	— 144,479	2,250,000	42,794,841
Società Italiana di Mutuo Soc- corso . . . . .	Milan	1857	3,498,657	—	3,975,959	—	— 1,013,287	—	79,239,627
La Prudenza . . . . .	"	1887	447,644	32,138	430,384	24,323	— 62,283	—	9,455,484
Società anonima . . . . .	"	1890	5,149,997	2,156,104	4,850,350	2,178,526	— 70,054	4,000,000	110,994,810
L'Italiana . . . . .	"	1904	1,103,391	128,265	919,694	156,213	— 25,458	2,000,000	24,412,391
Associazione agraria delle pro- vincie . . . . .	Rome	1905	300,611	60,238	321,627	149,355	— 49,302	57,000	7,594,393
La Vercellese . . . . .	Vercelli	1891	556,743	—	477,357	—	— 16,316	329,031	8,199,700
L'Emiliana . . . . .	Bologna	1910	4,109	—	3,856	2,041	— 1,708	31,800	54,405
Unione interprovinciale . . . . .	Cremona	1893	235,055	—	372,558	—	— 96,806	313,000	5,688,067
Eguaglianza . . . . .	Milan	1875	2,880,816	—	2,074,791	—	+ 182,465	—	68,380,254
Anonima Generale . . . . .	"	1907	403,550	87,842	418,445	121,039	— 79,198	1,300,000	9,056,113
Aurora . . . . .	Ferrara	1906	166,745	64,308	196,342	97,536	— 21,690	140,000	4,013,845
Società mutua di assicurazioni.	Milan	1904	445,025	71,067	477,316	211,869	— 33,379	249,100	10,659,467
Società anonima cooperativa.	Vercelli	1897	163,089	—	151,610	—	— 12,746	150,000	2,322,379
Società cattolica . . . . .	Verona	1896	1,700,044	443,703	1,630,394	619,936	+ 2,143	1,759,940	39,328,307
Assicuratrice Lombarda . . . . .	Milan	1906	6,303	—	12,880	—	— 8,859	93,500	173,561
La Forza . . . . .	Turin	1905	25,304	—	13,848	—	— 152	57,100	382,492
La Lomellina . . . . .	Milan	1906	322,418	87,651	303,867	103,872	— 60,159	1,000,000	6,800,000
Provvidenza . . . . .	"	1901	314,388	84,660	344,486	140,939	—	3,000,000	7,645,152

\* This deals also in insurance against fire.  
 \* Including fire and life insurance.

In 1910 the average rate of the premiums was 4.5 %, but it varied from society to society according to the nature of the risk assumed. Thus, the Vercelli Co-operative Society, whose staple business is the insurance of rice, a delicate plant, which is greatly exposed to damage by hail levies an average rate of 7 %, and for this reason the average premium rate for all the Verceil district is 6.8 %. The societies which mainly insure cereals have a much lower rate, about 4 %.

The average compensation paid in 1910 was 99.5 % of the premiums. It varied according to the society and the ability with which it was able to select the risks and distribute them over extended zones.

The reinsurance business offers very special interest, because it is slowly beginning to develop. About a fifth of the sum assured and the premiums subscribed have been reinsured.

The taxes received by the Treasury in 1910 for the entrance fees in hail insurance amounted to more than 600,000 francs.

The following table has been taken from the technical review, *L'Assicurazione*: in it the general results of the working years comprised in the period 1896-1910 have been compared:

Year	Sum assured	Premiums paid	%	Disasters	%	Expenses and Commissions	%
1896	176,268,302	9,173,802	5.2	6,499,436	70.0	1,639,544	17
1897	173,654,327	8,830,196	5.1	6,549,180	74.0	1,623,760	18
1898	224,433,545	11,183,399	4.8	6,790,157	61.1	1,961,184	18
1899	235,140,486	10,485,977	4.6	7,109,417	66.0	1,891,264	17
1900	238,801,938	11,019,583	4.6	5,981,805	54.0	2,119,474	20
1901	252,213,932	11,520,824	4.6	9,873,590	85.9	1,971,851	18
1902	262,096,856	11,648,137	4.5	10,260,357	88.4	2,084,673	18
1903	308,628,002	12,607,400	4.0	7,524,525	58.8	2,529,210	20
1904	327,827,685	14,116,303	4.4	14,117,342	100.0	2,530,123	18
1905	343,832,483	15,675,638	4.6	22,473,821	144.1	2,550,528	15
1906	367,601,247	18,180,866	5.0	11,896,201	65.0	2,917,122	16
1907	371,025,462	18,776,863	5.0	10,323,589	54.0	3,120,734	16
1908	302,814,125	18,809,620	4.7	11,239,713	59.0	3,089,628	16
1909	428,048,409	20,262,724	4.7	13,564,525	67.8	4,495,543	17
1910	496,909,911	22,649,524	4.5	22,493,356	99.5	3,966,394	18

As will be seen by the above figures, the development of hail insurance from 1896 to 1910 has been very great, the value of the agricultural produce insured having been nearly trebled. During this period, the premiums paid increased by more than 13 million francs, the compensation paid for disasters having increased in the same proportion.

If account be taken also of other elements which have not been considered in this table, we find that in Italy in the space of fifteen years about 220 millions have been paid in compensation. For four years the average of the disasters was less than 60 % of the premiums ; during five other years it varied from 60 % to 70 %, in four other years from 70 % to 99 %, while during two years it was more than 100 %.

2. *Fire insurance.* — For the data concerning this group of societies we have also made use of the balance sheets published in conformity with the law, in the *Bollettino Ufficiale*, in the numbers appearing from January 1st., to September 9th., 1911. By making use of these sheets we have been able to draw up the following table :

*The Italian Fire Insurance Societies in 1910.*

NAME OF THE SOCIETY	Head-quarters	Year of foundation	Premiums gross figures	Reinsurance premiums	Compensation paid	Losses refunded	+ Profits — Losses	Share or guarantee capital	Assured capital at the end of 1910
Società Parmense . . . . .	Parma	1862	208,944	—	214,221	—	—	32,459	21,014,225
L'Emiliana * . . . . .	Bologna	1910	147,856	—	944	—	+ 2,915	31,800	8,302,934
Società anonima cooperativa italiana . . . . .	Milan	1889	1,896,337	1,214,269	401,924	184,212	+ 397,113	5,902,700	1,484,863,616
Anonima Generale . . . . .	"	1907	507,541	38,910	148,920	16,175	+ 28,081	1,300,000	237,992,641
La Fondiaria . . . . .	Florence	1879	5,942,213	1,977,021	3,187,567	1,448,466	+ 1,045,980	8,000,000	4,493,662,200
Compagnia di Assicurazione di Milano . . . . .	Milan	1826	3,240,862	1,404,296	1,619,225	718,048	+ 763,201	2,080,000	2,624,185,634
L'Italiana . . . . .	Genoa	1906	2,582,591	1,083,430	1,375,063	577,635	+ 158,522	4,500,000	—
Compagnia anonima . . . . .	Turin	1833	2,304,037	769,207	1,026,807	388,331	+ 339,432	1,500,000	1,898,428,733
Società cattolica . . . . .	Verona	1896	1,341,866	223,760	798,965	157,630	+ 40,021	1,759,940	788,347,877
Società Reale . . . . .	Turin	1829	8,008,144	—	3,773,433	—	+ 2,302,620	10,316,257	6,278,069,317
Assicuratrice Lombarda . . . . .	Milan	1906	82,616	—	35,413	—	—	93,500	25,788,703
Savola . . . . .	Turin	1896	1,344,091	323,102	687,939	—	+ 40,163	3,000,000	24,161,567
Unione Continentale . . . . .	"	1899	6,742,982	4,190,510	1,779,847	—	+ 41,321	3,000,000	22,943,965
Concordia . . . . .	Milan	1905	151,714	140,624	1,085	14,302	2,637	250,000	47,800,368
La Forza . . . . .	Turin	1905	9,062	—	437	—	—	57,100	4,882,000

<sup>1</sup> Reserve fund. — <sup>2</sup> Deals also in hail insurance. Balance sheet from July 1st to Dec. 31st, 1910. — <sup>3</sup> Including hail and life insurance. — <sup>4</sup> Compulsory reserve. — <sup>5</sup> Including the profits from fire insurance and the insurance of transports. — <sup>6</sup> Compensation, net figures.

(Summarised from the *Bollettino Ufficiale delle Società per azioni* published by the Ministry of Agriculture, Industry and Commerce, Rome, January to September, 1911; *L'Assicurazione*, Rome, N.° 656, October 16-31, 1911).

## 2. How Mutual Cattle Insurance is at Present Organised in Italy.

### Sources :

Statuti della Federazione nazionale e delle Federazioni regionali delle mutue-bestie (Rules of the National Federation and the Regional Federations of mutual cattle societies). Piacenza, A. Del Maino, 1911.

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Prof GALTANO ANGELICI: L'importanza delle mutue-bestie (*The importance of mutual cattle societies*) *La Mutualità agraria*, Rome, N° 15 October 31st. 1911.

*La Mutualità agraria*, organ of the Comitato nazionale della mutualità agraria Rome. Nos. and 10, July 31 st., and August 5th., 1911.

For some past there has been a remarkable organisation movement in agricultural mutuality, especially amongst mutual cattle societies which are the most numerous in Italy.<sup>(1)</sup> The *Comitato nazionale della mutualità agraria* is the body which does most to encourage and direct this movement. It started its propaganda by diffusing the rule to be followed for the better organisation of the societies. As far as the mutual cattle societies are concerned, these may be summarised as follows :

a) Area of operations limited to a Commune or to several neighbouring Communes which renders easy the supervision of the members by one another ;

b) fixed premium with (in exceptional cases) a levy, which must never exceed the premium itself ;

c) premium and levy proportionate to the value and not to the number of animals insured ;

d) compensation limited to 75 or 80 % of the damage suffered in the case of the death of cattle ;

e) exclusion from insurance of too young or too old animals, and exclusion also of the risks due to *force majeure* or to epidemic diseases. In order that the small local mutual societies, may be better able to guarantee the engagements they have taken, and in order that they may enjoy the advantages offered by *revision* and *reinsurance* they must be joined in Federations, which carry out these services. In fact, on July 1st., 1911, the *Federazione nazionale delle mutue bestiame* was constituted at Rome, and regional and provincial federations are also on the way to being founded. Those of Milan, Aquila, Lucca, Novara, Pinerolo and Udine have already.

(1) From data collected by the Comitato Nazionale della Mutualità agraria it appears that the mutual cattle insurance societies have almost reached the number of 1,000. They are specially widespread in Lombardy, where there exist about 400 of them.

been constituted, while those of Vicenza, Brescia, Campobasso, Varese, Lecco, Como and Aosta are being formed.

The functions of the local federations are the administrative and book-keeping revision of the societies and the reinsurance of the ordinary risks. They also concern themselves with propaganda for the application of preventive measures against sickness amongst cattle, as a response to a circular recently sent out by the Government, of which we spoke in the July number of the *Bulletin of Social and Economic Intelligence*, p. 166. The institutions are asked to co-operate in the formation of a "hygienic conscience," which is indispensable in the country in order that prophylactic measures against epidemic diseases may be strictly observed.

Among the other objects of the National Federation are :

a) to encourage, in accord with the *Comitato nazionale della mutualità agraria*, the constitution of small local mutual societies, and to encourage those already existing to join together in federations ;

b) to organise, either directly or indirectly, the assistance and inspection of the administration and book-keeping of the affiliated societies;

c) to organise, in accord with the *Direzione generale della pubblica sanità* (General Direction of Public Health) which is attached to the Ministry of the Interior, the above mentioned propaganda for the prevention of infectious disease among cattle and to facilitate the organisation of a collective veterinary service and one for the purchase of medicines ;

d) to prepare reports of statistics, rules, regulations and book-keeping, and anything else that may serve for the direction and protection of the mutualist movement.

But the chief and most practical object is undoubtedly that of partly compensating the federated societies for the losses caused to them by the death, either accidental or natural, of cattle. And, first of all, it must be pointed out here that in joining into federations the mutual societies are free to accept or to refuse reinsurance. Their engagements with the Federation naturally vary from case to case. If they do not accept reinsurance and limit themselves to benefiting by the other services rendered by the Federation, they need only pay the latter a yearly contribution of 2.40 francs when they have less than a hundred members, 4.80 when they have less than 500 and 10 francs when they have more than 500 (1).

If, on the other hand, they wish to benefit by the reinsurance, they must first declare this fact in their demand for inscription, and must add to it a statement of their rules, the list of their administrators the number and value of the animals insured, and if possible, the cattle mortality

(1) Each society is represented at the Assembly of the Federation by one delegate per 100 members or fraction of 100. The Assembly of delegates meets after the first quarter of each year.

statistics for the past three years. They must also conform to the following principles :

- a) limited sphere of action ;
- b) signs for the recognition of insured animals ;
- c) minimum contribution of the person insured to the insurance at the rate of 15 %.

The Federation pays a share of the compensation for disasters affecting the federated societies in the proportion of 25 or 50 %, according as the societies have paid to the Federation 25 or 45 % of the premiums paid by their members (1).

If the societies do not adopt the system of the fixed premium, the annual insurance share is fixed by agreement each time.

The reinsurance, however, is only intended for horned cattle (2), and cannot be made for less than two years (3). In order that they may be granted reinsurance, the mutual societies must adopt a premium of not less than 1.25 %.

The risks guaranteed are the risks of death from disease or accident, or by slaughter when ordered by the local mutual society or the veterinary office. Losses due to war, fire, lightning, floods, railway transport or the collapse of a shelter are excluded. But in the case of an extraordinary mortality or of an epidemic, the contribution of the federation may be temporarily reduced or stopped. In addition, at the end of every quarter, the federated societies must communicate the changes in the number and value of the cattle insured, and at the end of each year they must present a report on their condition and a copy of their balance sheet. In any case, before the reinsurance expires, the premiums of the mutual societies are revised. The societies which have received from their members more than they have paid themselves will be asked to increase their premiums for a period of two years, the rate of mortality during the said period being taken as the basis.

If the ordinary receipts, together with 50 % of the funds of the society, are not sufficient to pay the compensation, the federation may exact some

(1) The financial year begins on January 1st. of each year. The shares of the societies must be paid on the first month of each quarter or half year, according to the date when the members pay. The Federation pays its contribution in the fifteen days following the receipt of the report of the society which has suffered a disaster. The Federation has the right of controlling the books of the federated societies and of making inquiries on the spot when the cattle is being estimated, in cases of sickness or death.

(2) The Federation may also deal in the reinsurance of sheep, horses, etc., but in this case the Assembly of delegates of the affiliated societies has to take a special decision beforehand.

(3) If notice has not been given three months in advance, the reinsurance is considered as renewed for another two years.

supplementary contributions, to be levied in proportion to the premiums paid by each of them (1).

These are the fundamental principles regulating the reinsurance institution of the National Federation with which we are dealing. In the rules of this Federation, there is naturally one also for the formation of a reserve fund, which will be drawn upon in years of exceptional mortality, in the case of an epidemic and for other purposes of secondary importance. In addition to a surplus of receipts over expenses at the end of the working year, subsidies will be granted by the State and other institutions to be contributed to this fund, as well as special subsidies intended to diminish the damage caused by epidemic diseases.

In no case can more than 50 % of its sum total be taken from this reserve in any one year.

What we have set forth here gives some idea of the plan of organisation of agricultural mutuality in Italy, both for mutual cattle insurance societies and for mutual fire insurance societies. It may be summed up as follows : at the basis, in rural centres, small societies which bring the closest spirit of solidarity and mutual aid as their contribution to insurance, as well as reciprocal supervision amongst the persons interested. Above these come their provincial and regional federations, whose part it is to insure the greatest security and order to the local organisations. And, at the head of all, there is the National Federation which leads and encourages the small mutual societies and their federations in their struggle with the more serious disasters that are liable to affect the cattle breeder.

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3. The Constitution of National Federations of Mutual Insurance Societies against Fire and Accidents during work. -- On the initiative of the *Comitato nazionale della mutualità agraria*, the *Federazione nazionale delle mutue incendi* was constituted at Rome. These mutual fire insurance societies are most numerous in Piedmont and are now being formed in all parts of Italy. This Federation, taking as its basis the rules approved by the Assembly on July 2nd., 1911, has the following aims :

a) to promote small mutual societies, assisting their technical and administrative improvement either by creating for their benefit a service of *inspection* or by stimulating them to join together in provincial and regional federations ;

(1) The local federations may also ~~reinsure themselves~~ provided that they are constituted in accordance with the criteria fixed in the rules of the National Federation.



b) to defend them against excessive fiscal claims and aid them to obtain advantages from the law ;

c) to carry on a reinsurance service for the benefit of the societies and their federated institutions.

This is done, without exception, on the excess risks which the local mutual societies cannot keep to their charge, in accordance with the tariffs established by agreement each time, account being taken of the premiums charged in the district by the insurance companies. The mutual societies which desire to reinsure must engage to accept the rules which the Council of the Federation will each time indicate to them as the rules to be followed as to the maximum risk that they must keep to their charge. They must also accept inspection by the Federation.

The Federation, in its turn, undertakes to cede to the large insurance companies that part of the risk which they do not think prudent to keep to their own charge

In addition to the mutual societies within a strictly limited district, administered gratuitously by the members and with no speculative aims, their federations may also form part (1).

The Federation of the mutual insurance societies against accidents during work was constituted before this Federation. There are five of these societies in Italy.

(Summarised from the *Statuto della Federazione nazionale delle mutue-incendi*, Piacenza, A. Del Maino, 1911, *Mutualità agraria*, Rome, No 9 and 12, July 31st, and September 15th, 1911)

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**4. Insurance against the Damage caused by Hail.** — The *Comitato nazionale della mutualità agraria* has for a long time been studying the problem of insurance against damage caused by hail, with the object of arriving at a solution that would be beneficial for agriculturists who are not sufficiently protected by the insurance companies. The result of this study has been an important draft set of rules for the foundation of a national federation of mutual hail insurance societies and for the constitution of such mutual hail insurance societies themselves, which project we are pleased to announce. Thinking that this form of insurance could only be obtained by creating an institution with a very large area of

(1) When there are fewer than 25 federated mutual societies in a region, the National Federation may group them together in regional federations governed by rules which it has prepared itself and which are in conformity with its own. There are already some mutual fire insurance federations at Asti, Turin, Alexandria and Casalinonferato, and others are being formed at Cuneo and Ivrea.

operations and numerous members, and that on the other hand the mutual societies with a small district are extremely useful for the economy of insurance and for safeguarding the interests of the insured, the Committee came to the conclusion that the creation of a national federation and a certain, number of mutual societies must be brought about at the same time.

According to the project in question, when a disaster has not destroyed more than a tenth of the crops concerned, the compensation should be paid by the local mutual society. When, on the contrary, more than a tenth of the crops have been destroyed, the payment will be made in the following proportion: 9/10ths by the Federation and 1/10th by the society. In this case the latter will naturally have to pay over to the former 9/10ths of the premiums paid by the members. The Federation, in order to guarantee itself and the affiliated societies, will in its turn reinsure a part of the risks that it has taken over with one or more insurance companies. The Federation reserves to itself the right to check the bookkeeping of the federated societies and to send its experts to assist in the liquidation of the claims.

Of the annual profits, 80 % will be paid over to the reserve fund and 20 % to the society-members. The sphere of action of the societies is limited to their Commune or to several neighbouring Communes.

The project arranges that the local societies insure the following four classes of crops, representing risks of different kinds. The first class includes wheat, rye, lucerne and similar crops, the second, barley, oats, buckwheat, maize, beans, horse beans and vetch; the third, green peas, haricot beans, flax, hemp and all other plants cultivated for their seed; and the fourth includes vines, fruit and tobacco. Losses caused by wind, rain or floods without hail will naturally not be made good. The declarations of crops to be insured must be made from April 1st. to 30th. of every year, and the insurance starts from May 1st. at midday.

By this system, the greater part of the risk of the small mutual society being passed over to the National Federation, the burden is borne by a very large number of farmers, so that it is very little felt, and the *Comitato nazionale della mutualità agraria* is of the opinion that the difficult problem may be solved in this way. (1)

(Summarised from *Mutualità agraria*, the organ of the *Comitato nazionale della mutualità agraria*, Rome, N° 9, 1911)

(1) For other projects for the solution of the problem, see the *Bulletin of Social and Economic Intelligence*, February, 1911, No 2, p 175; May, 1911, No 5, p 57; and July, 1911, No. 7, p

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5. The *Federazione nazionale dei consorzi agrari*, in favour of Agricultural Mutuality. -- The *Federazione nazionale dei consorzi agrari* (Italian Federation of Agricultural Consortiums), the headquarters of which are at Piacenza, has addressed a circular to the federated agricultural purchase societies asking them to take measures for the extension of agricultural mutuality (1).

The moral obligation, says the circular, is obvious. The formation of mutual insurance societies (against the loss caused by the death of cattle, by fires, accidents during work, hail, etc.) must be encouraged. The character of these societies is such that they are specially adapted to small rural centres.

The Federation proposes that special sections for agricultural mutuality be created in the agricultural consortiums. Having an autonomous administration, they assume the task of making propaganda, in accord with the National Committee of Agricultural Mutuality, of inspecting and administering the mutual societies and leading them to constitute federations dealing in reinsurance.

(Summarised from *Mutualità agraria*, Rome, 1911; N.º 15, Oct. 1911.).

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6. A National Congress for Agricultural Mutuality. — The *Comitato nazionale della Mutualità agraria* recently initiated the holding of a national Congress, bringing together all those who devote their activities to agricultural mutuality and to the important and difficult problems connected with it. The Congress meets at Milan on January 14th. and 15th., 1912. The Minister of Agriculture, Industry and Commerce and the Under Secretary of State to the Ministry of the Interior will be present. The inaugural address will be made by Luigi Luzzatti. We shall return to this question later on for the purpose of giving our readers information as to the resolutions passed by the Congress. For the present we will merely give the list of the subjects proposed, together with the names of the writers of the Reports.

1) The National Federation of mutual cattle societies and the strug-

(1) The sending of this circular is the result of the vote of the National Congress of Co-operative Agricultural Consortiums, which was held recently. In it the consortiums are asked to encourage the development of the various forms of mutuality in the country. In connection with this, see the *Bulletin of Social and Economic Intelligence*, No. 11, November-December, 1911, p. 92 which contains the report of this vote.

gle against infectious diseases. Writers of the Report : Dr. Mario Casalini and Dr. Fermo Fracassi.

2) The financial organisation of the mutual cattle insurance societies and their general federations. Writer : Dr. Cesare Vassallo.

3) The mutual insurance of butchers' beasts. Writer : Prof. Dr. Pirocchi.

4) The small mutual fire insurance societies and the work of their National Federation. Writer : Guido Mikelli, C. I.

5) Mutual insurance for accidents during agricultural labour. Writers : Prof. Ulisse Gobbi and Steno Sioli Legnani, C. I.

6) The action of agricultural mutuality with regard to registration on the National Thrift Fund for workers on the land. Writer : Comm. Orazio Paretti.

(Communicated by the Executive Committee of the Congress - Circular dated Nov. 30th., 1911)

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7. 150.000 francs in favour of the Registration of Peasants with the National Thrift Fund. — The Savings Bank of Milan, with the intention of encouraging the registration of peasants in the Lombard provinces with the National Thrift Fund, has voted a sum of 150,000 francs on its budget, which sum is to be used only for the benefit of peasants belonging by birth or residence to these provinces ; the age of the peasant must not be more than 35 years, and the sum allowed by the Savings Bank of Milan enables them to be insured with the National Thrift Fund by a payment of only 6 francs a year.

(Summarised from the *Bollettino dell'Agricoltura*, Milano, 1911, N° 30).

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PART III.

**CREDIT.**





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# CREDIT

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## GREAT BRITAIN AND IRELAND.

### COMMUNICATIONS FROM THE GOVERNMENT

#### Some Forms of Rural Credit in Ireland.

*The following notes on certain forms of rural credit in Ireland have been supplied to us by Mr. T. P. Gill, Secretary of the Department of Agriculture and Technical Instruction for Ireland, under whose directions they were prepared.*

#### 1. Loans for Land Improvement made by the Board of Works.

The Office of Public Works in Ireland makes loans under various Statutes for the improvement of land in Ireland. The Statutes may be briefly described as — Acts to facilitate the Improvement of Landed Property in Ireland 10 Vic. (1847) Cap. 32, etc. — in all there are 15 of these Acts, the latest being 7 Edw. VII. (1907) Cap. 36 — and the Land Law (Ireland) Act 44 and 45 Vic. (1881) Cap. 49.

The purposes for which these loans may be made are :

- Thorough drainage,
- Sub-soiling and trenching,
- Irrigation or warping,
- Embanking from river or tidal waters,
- Formation or improvement of fences, drains, streams, or water-courses,
- Making farm roads,
- Clearing land of rocks and stones,
- Reclamation from waste,

Planting trees for shelter,

The erection or improvement of farm offices,

The erection or improvement of farm dwelling houses in connection with farm offices and buildings erected for providing water for the same.

N. B. Loans could be made and have been made for the erection of dwellings for agricultural labourers and for the improvement by means of structural alterations and additions to existing labourers' cottages, but this branch of agricultural improvement is dealt with in a subsequent note dealing with the Labourers Acts.

Under the Land Improvement Acts no loan can be made for any of the several purposes under the Acts for a less sum than £100, except in the case of farm buildings, when £50 may be granted. Under the Land Law (Ireland) Act 1881 no loan would be granted for a less sum than £35

Under the Land Improvement Acts the gross amount of loan may not exceed seven years of the annual value of the property. Under the Land Law (Ireland) Act in general loans are not granted for a greater sum than three times the annual value of the holding and in no case are loans given for a greater amount than £1,000. The period for repayment of loan is 22 years, the annual instalment in payment of principal and interest being at the rate of £6 10s. per cent. In some exceptional cases, however, the term may be extended to 35 years, the annual instalment in payment of principal and interest being in such cases at the rate of 5 %. The Commissioners of Public Works take as security for the loan a deed from the tenant charging his tenancy with the amount.

The total amount advanced for land improvement under these Statutes up to 31st. March, 1910, has been £7,053,933.

## 2. *The Labourers (Ireland) Acts.*

The Labourers (Ireland) Acts consist of the following Statutes :

Labourers (Ireland) Act,	1883,	46 and 47 Vic. Cap. 60 ;
„ „ „	1885,	48 and 49 Vic. Cap. 77 ;
„ „ „	1886,	49 and 50 Vic. Cap. 59 ;
„ „ „	1891,	54 and 55 Vic. Cap. 71 ;
„ „ „	1892,	55 Vic. Cap. 7 ;
„ „ „	1896,	59 and 60 Vic. Cap. 53 ;
Irish Land Act,	1903,	3 Edw. VII. Cap. 37 ; (1)
Labourers (Ireland) Act	1906,	3 Edw. VII. Cap. 37 ;
Irish Land Act,	1909,	9 Edw. VII. Cap. 42. (Section 11 only).

(1) This is Part IV. of the Irish Land Act, 1903.

Section 33 of the Labourers (Ireland) Act, 1906, provides that the several Acts shall continue in force for at least 10 years from the passing of that Act.

*Application of Acts.*—The Acts apply to rural districts only and are now all operated by the Rural District Councils established by the Local Government (Ireland) Act, 1898.

*Object of Acts.*—The object of the Acts is to better the condition of agricultural labourers in rural districts by providing them with suitable dwellings and garden allotments. The expression "Agricultural Labourer" for the purposes of the Acts is defined, by Section 4 of the Act of 1886, to mean a man or woman who does agricultural work for hire at any season of the year on the land of some other person or persons, and includes handloom weavers and fishermen doing work as aforesaid, and also herdsman. It is, however, provided by Section 93 of the Irish Land Act 1903, that the expression "Agricultural Labourer" in the Labourers Acts shall also include any person other than a domestic or menial servant working for hire in a rural district whose average wages do not exceed 2/6 a day and who is not in occupation of land exceeding  $\frac{3}{4}$  of an acre.

*Rents of Cottages and Plots.*—The Acts do not specify the rents to be charged for the tenements; but Section 29 sub-section 3 of the Act of 1906 requires that the rents shall be so fixed as to secure a reasonable return having regard to the circumstances of the locality affected on the expenditure incurred by the District Council in providing the tenements. By "the circumstances of the locality affected" is meant the facilities which it may afford labourers for obtaining employment, the rate of wages or average earnings of labourers, and the rents which might be obtained in the neighbourhood for similar cottages let by persons other than the Rural District Council.

*Financial Provisions.*—By the Acts prior to the Act of 1906 loans were made by the Board of Works to the rural authorities for the purposes of the Act. These loans were made at rates of interest fixed by the Treasury.

The rates of interest charged on loans varied from time to time, and from March 1904 to the passing of the Act of 1906 they were as follows:

Period.	Rate of Interest.	Annuity Covering Principal and Interest.
20 years	3 $\frac{1}{2}$ per cent.	£7 os. 9d.
30 "	3 $\frac{3}{4}$ " "	£5 12s. 2d.
40 "	4 " "	£5 1s. 1d.
50 "	4 $\frac{1}{4}$ " "	£4 17s. 2d.

*Number of Cottages prior to 1906.*—The total number of cottages built under the Acts prior to the Act of 1906 was 20,634 and at the time of the passing of the Act 887 cottages were in course of construction. The total amount of loans sanctioned was £3,415,280.

*The Labourers Act of 1906.*—The main feature of the Act of 1906 is the great change which it makes as regards the rate of repayment for loans required for the purposes of the Act. The loans are now to be advanced by the Irish Land Commission on Land Purchase terms, that is, repayable by an annuity covering principal and interest of £3 5s. for every £100 for a period of 68  $\frac{1}{2}$  years. Prior to the passing of the Act the lowest annuity in respect of a loan advanced was, as has been already pointed out, £4 17s. 2d. for 50 years—the longest period; so that under the new terms the annual charge is reduced almost one-third, viz. from £4 17s. 2d. to 3 5s. Further, it is provided by the Act of 1906 that only 64 per cent. of this reduced charge will have to be borne by local rates, the remaining 36 per cent. being met by the Government. Taking these payments into account the annual charge on rates per £100 will be reduced from £4 17s. 2d. to £2 1s. 7d. or a reduction of almost 57 per cent.

*Cost of Scheme.*—The Act of 1906 authorises the Land Commission to make advances up to £4,250,000, and it was stated in Parliament that this sum ought to be sufficient to provide 25,000 cottages and plots, or in other words that the average cost of each cottage and plot should not exceed £170. The total amount of the loans issued under the Act of 1906 from the time of the passing of the Act until the 31st. of March 1910 was £2,201,340. Thus the total amount of loans sanctioned under the Labourers Acts from the passing of the first Labourers Act in 1883 until the 31st. of March, 1910 was £5,616,620.

### 3. *The Loan Fund Board of Ireland.*

The system of issuing to indigent and industrious persons small loans repayable by instalments is said to have been introduced into Ireland by Dean Swift. The Musical Society which existed in Dublin in the middle of the eighteenth century also applied portion of the receipts from its concerts to Charitable Loan Society purposes. The Managers of the Musical Society were incorporated by the Act 17 and 18 George III. Cap. 12, passed in 1778, as a Charitable Loan Society, and were authorised to issue loans throughout Ireland. These loans were repayable by instalments, but no interest was chargeable on them.

In 1823 an Act (4 George IV. Cap. 32) was passed whereby any number of persons desirous of forming a Charitable Loan Society were permitted to do so. This Act authorised such Societies to charge interest on the loans issued by them. Abuses arose, and in 1836 an Act (6 and 7 William IV. Cap. 55) was passed authorising the Lord Lieutenant to appoint a Board of Commissioners with powers to supervise the working of the various Charitable Loan Societies in Ireland.

This Act was amended in 1843 by the Act 6 and 7 Vic. Cap. 91. Under this Act and a short amending Act passed in 1900 the Societies now in existence carry on their operations. The following are some of the main provisions of the Act of 1843.

Under Sections 2 and 3 the Lord Lieutenant of Ireland appoints the Board and its officers. The Board consists of six members and the staff consists of a Secretary and Inspector, and occasional clerical assistance. Under Section 7 the Board is required to present an Annual Report of its Proceedings to Parliament. Under Section 16 each loan society is empowered to appoint a trustee, manager, treasurer, secretary, clerk, messenger or other officer. Under Section 21 every treasurer or other person having to do with the receipt or custody of money belonging to a society is to give such security as the Loan Fund Board may direct.

Section 24 provides that it shall not be lawful for any such society to make any loan on personal security to any one individual at any time exceeding in amount the sum of £10, and that no second or other loan shall be made to the same individual, or to any person on his behalf, until the previous loan has been repaid.

Section 27 authorises a rate of discount on loans not exceeding 4d. in the £ for 20 weeks, the amount of the principal to be received by instalments at such times and in such proportions as the Trustees or Manager may think fit.

Section 28 empowers the Loan Fund Board to authorise a loan society to advance any portion of its funds at interest not exceeding one penny-halfpenny per £1 per month repayable by instalments at intervals of not less than 27 days.

Section 39 provides that the books and accounts of all loan societies are to be kept in such manner as the Loan Fund Board shall direct and approve, and they are to be produced on demand to the officer authorised by the Board for inspection.

Section 40 provides that the Trustees and Managers of every Society shall forward to the Loan Fund Board annually an abstract of account made out to the 31st. December each year.

The income of the Loan Fund Board is derived from documents sold by the Board to the loan societies, e. g. promissory note forms, borrowers'

cards, application papers, default notices, etc. and from dividends on stock purchased from time to time when the receipts exceeded the expenditure. The total receipts amount to about \$900 per annum. The expenses, which at present equal the income, are made up of salaries, the Inspector's traveling expenses and subsistence allowance, law costs and printing. The Government provides the office of the Society and bears the cost of printing the Annual Report.

The number of societies in operation in 1909 was 51. The amount of capital accounted for by the societies as £91,506. The total amount in circulation was £200,481. The number of loans issued was 35,395.

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# CREDIT

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## ITALY.

### I — CURRENT QUESTIONS.

#### Special Institutes for Agricultural Credit The Agricultural Credit Department of the Bank of Sicily.

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In the tenth number of our Bulletin (31st October, 1911, page 173), we began our review of the institutes authorized, by special laws, for the exercise of Agricultural Credit, with the Savings Bank of the Bank of Naples.

We shall now speak of the Agricultural Credit Department of the Bank of Sicily: we shall first mention the chief provisions of the law regulating it.



**§ 1. *Fundamental Principles of the Law of 29th March, 1906,  
and of the Regulations of 23rd. December, 1906.***

Already on the 1st. November, 1888, the Bank of Sicily had been authorised by Royal Decree to conduct agricultural credit operations in accordance with the law of 23rd. January, 1887 and for this purpose an amount of two million francs had been assigned to it. But for various reasons the results were very small. It was necessary to resort to new measures. The Government, the Bank and the Vittorio Emanuele Savings Bank for the Sicilian Provinces conferred together; they decided on the draft of a special bill which was laid before the Chamber of Deputies on the 12th. May, 1903. This bill which, as regards the funds assigned for agricultural credit, did not differ from the law that was passed later on, was considerably amended in the Parliamentary Committee, which presented its report on the 30th. June, 1904. The proposals of the Parliamentary Committee differed from the Government Bill with regard to the organization of the intermediary institutes for the distribution of agricultural credit. The Dissolution of the Chamber prevented the Bill coming up for discussion. It was, however, again presented on the opening of the new Parliament on 18th. December, 1904, in the text drafted by the Parliamentary Committee, and with slight changes became the law of 29th. March, 1906, No. 100.

This law instituted a special Department for Agricultural Credit in the Bank of Sicily and assigned to it an initial amount of three million francs, taken from the reserve fund of the Bank by way of investment for the money.

The Vittorio Emanuele Savings Bank of Palermo also granted this Department an advance on current account, of two millions at interest; then, in order to provide it with a means for the progressive increase of its available funds, the Bank of Sicily was authorized to undertake the work of the Savings Bank for the Sicilian Provinces and invest three tenths of the deposits in agricultural credit business (1). According to the law above mentioned and the Executive Regulations (2), as agricultural credit operations must be understood: (a) discounting of bills drawn by farmers and transferred by the intermediary institutes or signed by them: (b) discounting of bills directly issued by these last either to obtain funds for purchase of farm requisites or for advances to applicants in cases of

(1) On the 21st. December, 1910, these deposits reached the considerable amount of frs. 16,479,084.75: at that date, then, about five millions were added to the available funds of the agricultural credit department.

(2) The Royal Decree of 10th June, 1909, No. 500, amended the Regulations of 23rd. December, 1906.

collective sale of produce, or for supply of the ordinary requirements of farms managed by these institutions, or, finally, to supply the defect of their own means for granting loans to the farmers.

According to the principle by which all the special legislation on agricultural credit is inspired, the above operations must not be conducted with private farmers, but with the institutions established and working in the provinces of the island; but their rules must also correspond with the requirements of the Bank. The regulation specifies these institutions as follows:

(a) agricultural co-operative societies for production and labour or such as in any manner propose to themselves any agricultural end, legally constituted as limited liability societies, societies *en commandite* or societies of collective title

(b) agricultural consortiums, whether co-operative societies or corporations, and non-co-operative agricultural associations generally, in every case legally constituted,

(c) "monti frumentari",

(d) agricultural or rural banks, whether they are instituted by corporate bodies, or private societies, under the form of co-operative or limited liability societies *en commandite* or of collective title;

(e) legally constituted societies for trade in products derived from the plants of the orange group;

(f) agricultural banks working as savings banks and conducting agricultural credit operations (1).

Loans should by preference be granted to institutes of exclusively agricultural character and aims, which principally lend in kind; and also grant loans to non-members and allow them a share in the profits. The rate of interest may not exceed 4%.

The law and regulations also contain special provisions regulating operations between the intermediary institutions and their members.

First of all the objects for which the loans may be granted are stated:

1st For operations which enjoy the legal precedence established by articles 1,958, No. 5, and 1,060 of the Civil Code and article 23 of the law we are dealing with, whether for harvesting, general cultivation, seeds, manure, anticryptogamic or curative or insecticide substances;

2nd. for operations enjoying conventional privilege, granted, as will be remembered, by the law of 23rd. January, 1887, or for providing farms with live stock or material, and all farm requisites;

(1) The law and the executive regulation contain a series of provisions favouring and regulating the institution of "Monti frumentarii", consortiums and agricultural banks, in Sicily.

3rd. for distribution of provisions to tenants engaged as *métayers* or paying rent partly in kind, and for the distribution of provisions, on account of their wages, to workmen in periods of unemployment ;

4th. for advances against deposit of special agricultural produce, of easy conservation, to be stored in the collective warehouses. It is established, in the second place, that the intermediary institutions must only grant loans in favour of the following persons : landowners farming their own lands ; tenants on long lease, *métayers*, tenants paying rent partly in kind, and tenants of agricultural land who have not sublet it. This provision clearly tends to ensure the agricultural destination of the loan.

Let us now examine the work of the agricultural credit department of the Bank of Sicily in the year 1910.

#### § 2. *The Agricultural Credit of the Bank of Sicily in 1910.*

The data we give in this section are taken from the report of the Board of Management of the Bank, for the working year 1910. This report, in the first place, shows that the number of institutions, that may do credit business with the Department is continually increasing ; they were 42 in 1907, 111 in 1908, 157 in 1909 and 202 in 1910. This last number was made up, (31st. December, 1910) of 68 agricultural co-operative societies for production and labour (1), 84 agricultural and rural banks, 11 agricultural consortiums, 5 agricultural banks, 5 co-operative wine societies, 3 "Monti Frumentari," and 26 agricultural associations ; the total number of members exceeded 29,000 and the total capital amounted to over 120,000,000. The total amount for which the Bank had granted credits to these institutes was, at the same date, 9,690,000 frs., distributed over the various provinces as follows :

Palermo . . . . .	L. 2,031,000
Messina . . . . .	" 72,000
Catania . . . . .	" 743,000
Caltagirone . . . . .	" 1,420,000
Girgenti . . . . .	" 1,372,500
Trapani . . . . .	" 1,038,000
Syracuse . . . . .	" 1,202,000
Caltanissetta . . . . .	" 1,811,500

But the amount actually employed that year in credit operations amounted to 7,119,720.36 frs. In the following table we give data relating to it for the four working years of this credit institution :

(1) Of these co-operative societies, 32 are collective farms and altogether hire an area of land of 31,693 hectares.

Years	Operations Conducted									
	with the Intermediary Institutes						with Private Parties		General Total	
	Rediscount		Direct Discount		Total		Number of Bills	Amount	Number of Bills	Amount
	Number of Bills	Amount	Number of Bills	Amount	Number of Bills	Amount				
1907 . . . . .	929	181,255.00	8	113,658.92	937	294,913.32	4,336	805,341.60	5,273	1,100,255.52
1908 . . . . .	9,663	1,881,708.63	31	127,629.69	9,694	2,009,338.32	819	182,960.00	10,513	2,192,298.32
1909 . . . . .	16,113	3,634,759.89	68	372,219.43	16,181	4,006,979.32	169	54,290.00	16,350	4,061,269.32
1910 . . . . .	25,490	6,089,063.58	145	999,201.78	25,635	7,088,265.36	103	31,455.00	25,738	7,119,720.36

Between the first working year (1907) and the 31st. December, 1910, there was, then, an increase of 6,019,464.84 frs. in the amount of the operations. This is essentially due to the operations conducted with the intermediary institutes (1) because those conducted with private farmers have decreased more and more. In fact, in the year 1910, out of 25,738 conducted for an amount of 7,119,720.36 frs., 25,635 were with the intermediary institutes, the amount being 7,088,265.36, and 103 were operations conducted directly with individuals for an amount 31,455 frs.(2). The latter are in proportion to the former as 4 to 100, and are evidently far less important.

But in order to have an exact idea of the progress of agricultural credit in Sicily, we must consider the operations conducted under various aspects; we must consider the social condition of the borrowers, the purpose for which the loans were granted, and the kind of cultivation for which they were intended. First of all, the total amount of 7,119,720.36 frs. for 25,738 loans was distributed in 1910 among the different provinces as follows :

	Number of Bills	Amount
Caltanissetta . . . . .	5,997	1,611,194 16
Palermo . . . . .	5,539	1,572,194.52
Caltagirone . . . . .	5,311	1,331,354.94
Girgenti , . . . .	2,514	795,968.68
Trapani . . . . .	3,624	774,217.25
Syracuse . . . . .	2,290	746,216.65
Catania . . . . .	360	252,047.51
Messina . . . . .	103	36,526.65

These amounts were distributed as follows among the classes of persons indicated :

(1) of 202 institutions for which credits had been opened in 1910, only 155 conducted operations with the Bank; the other 47 were not, however, inactive, but, in conceding loans, they made use of their own resources (capital and deposits); as did also the intermediary institutions in relation with the Department.

(2) A decrease of 66 bills for an amount of 22,835 frs in comparison with 1909.

*Classification of the Operations According to the Social Condition of the Borrowers.*

Provinces	Landowners		Tenants on Long Lease		Métayers		Tenant Farmers		Total	
	Number of Bills	Amount	Number of Bills	Amount	Number of Bills	Amount	Number of Bills	Amount	Number of Bills	Amount
Palermo.....	2,788	769,258.37	314	101,715.00	231	44,168.19	2,178	536,552.14	5,511	1,451,693.70
Messina .....	89	19,572.34	—	—	4	654.31	5	600.00	98	20,826.65
Catania .....	205	72,443.36	2	800.00	82	36,283.15	56	19,721.20	345	129,247.71
Girgenti.....	937	238,509.84	249	56,435.00	467	115,962.20	842	235,246.79	2,495	646,153.83
Trapani.....	880	195,481.35	—	—	20	5,508.00	2,711	370,391.81	3,611	571,381.16
Syracuse .....	734	304,827.45	779	173,252.05	85	21,356.15	679	178,794.00	2,277	678,229.65
Caltanissetta . . . .	1,766	418,258.93	205	23,766.63	782	190,299.58	3,202	730,955.80	5,955	1,363,286.94
Caltagirone.....	2,546	612,789.85	29	9,740.00	284	43,718.00	2,442	593,457.09	5,301	1,259,704.94
Total...	9,945	2,631,141.49	1,578	365,708.68	1,955	457,949.58	12,115	2,665,718.83	25,593	6,120,518.58 <sup>(1)</sup>

(1) The Agricultural Credit Department of the Bank of Sicily also discounted directly for the Institutes 145 bills amounting to 999,201,78 lrs. for purchase of farm requisites, loans on produce, etc.

These loans were granted for different purposes to the above classes of borrowers :

For cultivation generally . . . . .	6,038 bills for frs.	1,300,842.26
„ cattle . . . . .	2,626 „ „ „	901,944.27
„ collective purchase . . . . .	94 „ „ „	694,672.24
„ manure . . . . .	2,930 „ „ „	345,732.64
„ seeds . . . . .	1,199 „ „ „	227,507.83
„ distribution to members . . . . .	36 „ „ „	204,713.62
„ harvesting . . . . .	823 „ „ „	179,556.63
„ advances on produce . . . . .	10 „ „ „	85,870.67
„ machinery . . . . .	78 „ „ „	65,730.32
„ implements . . . . .	36 „ „ „	16,141 „

*Classification of the Operations according*

PROVINCES	Seed Crops		Vineyards	
	Number of Bills	Amount	Number of Bills	Amount
Palermo . . . . .	2,401	596,459.27	1,326	339,421.73
Messina . . . . .	16	1,795.19	34	8,749.99
Catania . . . . .	220	97,521.26	84	16,355.00
Girgenti . . . . .	1,853	450,413.83	283	88,675.00
Trapani . . . . .	2,809	380,573.15	682	158,345.00
Syracuse . . . . .	794	338,530.25	1,259	278,662.30
Caltanissetta . . . . .	5,663	1,277,017.64	118	45,876.60
Caltagirone . . . . .	4,722	1,095,457.60	387	95,882.34
Total . . .	18,478	4,237,768.19	4,173	1,031,967.96

(1) The Agricultural Credit Department of the Bank of Sicily also discounted 145 bills for the amount

The Agricultural Credit Department of the Bank of Sicily received interest of 4 % on the above operations for the year 1910, and the inter-

„ farm work conducted by the intermediate institutions . . .	5 bill for frs.	13,945.25
„ anticryptogamic material . . .	107 „ „ „	12,525.40
„ distribution of provisions to <i>mé-</i> <i>layers</i> . . . . .	114 „ „ „	9,662.77
„ stock of material . . . . .	24 „ „ „	9,244. „

There were besides 11,618 loans for an amount of 3,051,631.46 frs. granted for several simultaneous purposes.

It will be also well to examine the manner in which the agricultural credit operations of the Bank of Sicily were divided according to the various kinds of cultivation for which the amounts were intended. This is seen in the following table.

*to the Various Kinds of Cultivation*

Orange, Lemon, etc Cultivation		Olive Plantations		Various Kinds of Cultivation		Total	
Number of Bills	Amount	Number of Bills	Amount	Number of Bills	Amount	Number of Bills	Amount
1,060	328,754.99	122	21,925.48	602	165,132.23	5,511	1,451,693.70
17	4,920.00	21	3,734.47	10	1,627.00	98	20,826.65
29	12,021.45	—	—	12	3,350.00	345	129,247.71
—	—	2	800.00	357	106,265.00	2,495	646,153.83
—	—	2	560.00	118	31,903.01	3,611	571,381.16
13	3,820.00	6	2,150.00	205	55,067.10	2,277	678,229.65
—	—	2	1,025.00	172	39,361.70	5,955	1,303,280.94
60	28,495.00	17	2,685.00	115	37,185.00	5,301	1,259,704.94
1,179	378,011.44	172	32,879.95	1,591	439,891.04	25,593 (1)	6,120,518.58

99,201.78 frs. directly for the Intermediary Institutes.

ary institutions in their turn generally asked 6 % in their operations their members.



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PART IV.

**MISCELLANEOUS.**

(FACTS AND PROBLEMS OF GENERAL AGRICULTURAL ECONOMIC INTEREST)



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## MISCELLANEOUS

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### FRANCE.

#### I. — CURRENT QUESTIONS.

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The authors who have recently endeavoured to point out the causes of the depopulation of rural districts in France, have found themselves in difficulties, and M. Ch. Bournisien, who some months ago investigated the question through statistics (1) could think of nothing better to say than this: "After all we have no sufficient and certain knowledge as to the moral condition of the rural population to enable us to discover the motives of their voluntary sterility." In mountain districts one of the most powerful of these motives seems to be deforestation.

M. Paul Buffault, an inspector of forests, has ascertained that in the thirty departments of France which are most denuded of forests, the population diminishes nine times more rapidly than in the other fifty-seven where the woods have been preserved. Between 1851 and 1901 the population in Ariège, Haute-Garonne, and Hautes and Basses Pyrénées has diminished by 146,000.

And the rural exodus continues to accelerate depopulation in the deforested departments. Every year young men full of energy from the Pyrenees, the Alps and from Lot, emigrate in crowds to America. A century ago Chateaubriand said, "Forests precede population; deserts follow it."✕

#### § 1 *Deforestation; its Character and Results.*

It is necessary to have an exact definition of the word *deforestation*. As M. Paul Descombes wisely remarks, all cutting down of trees is not deforestation. Only when the cutting down exceeds due proportions and is made too soon, can it be considered an act of deforestation.

Unfortunately, such injudicious cutting down is too often committed, even though it causes calamities which ought to make those who are interested reflect. Not a year passes without cries of anguish from people whose dwellings are periodically swept away by avalanches or torrents, or swallowed up by the muddy waves of rivers that have overflowed. After every disaster the State sends to these unfortunate people some thousands or millions of francs. And every year the State on its own account asks from Parliament the necessary credit to repair its roads, dykes and broken bridges. The inundation from which Paris suffered in January, 1910, and those more recent in Angers, Nantes, Bordeaux, Avignon etc., are still fresh in the memory of all.

Now it is a well ascertained fact that inundations do not occur, for instance, in the Jura and Ardennes, where the coefficient of afforestation

(1) In the *Revue Politique et Parlementaire* of the 24th. May, 1911, p. 287.



is 30 per cent, but in the region of the Cevennes and of the Central Plateau where the coefficient is only from 10 to 12 per cent. The average ratio of afforestation in France is only 18 per cent, and according to Demontzey there are in the country 1,500 torrents, twice as many as in the rest of Europe; in the French Alps 200,000 hectares are devastated by their overflow against 6,014 in the whole of Switzerland.

§ 2. *The Present State of Forests in France.*

The too low ratio of wooded lands in France nevertheless covers 9,500,000 hectares of forest land, including 6,429,435 hectares of coppice, 2,825,790 hectares of forest trees, and 266,324 hectares of young plantations (1). Two-thirds of these forests belong to private individuals, and the remaining third is administered by the officials of the Waters and Forests Service, in accordance with the regulations of the forestry code.

As M. Paul Descombes (2) has pointed out, the condition of these different forests varies much according to the man in charge of them.

The forests that belong to the State are generally considered to be models as regards their management; they have long been under careful regulation and are nearly all planted with forest trees; the clearings have been judiciously spaced, marked out beforehand and carefully controlled so as to preserve the well grown trees, the timber of which brings a much higher price than wood for burning.

We may add that for half a century the economic mistake has no longer been made of selling a certain number of State forests, spite of the protestations of the Administration of Waters and Forests.

Woods belonging to communes, to public institutions, to hospitals or hostels are generally placed under forestry regulations, that is to say, they are under the management of the Administration of Waters and Forests; the profits are handed to the proprietors after deduction of one-twentieth for expenses of management. In spite of incessant requests for permission to make special cuts of wood to supply deficits in communal revenues and for permissions to graze cattle and stock, demands which must sometimes be granted, these woods are kept in good condition. Intelligent municipalities

(1) Figures given by M. Audiffred in his report on behalf of the Senatorial Commission to examine the bill then before the Chamber of Deputies intended to favour re-afforestation and the preservation of private woods. Senate, 1909, Ordinary Session. Supplement No. 185 to the Report of the Session of the 6th. July, 1909.

(2) *Le reboisement et les initiatives*, broch. 8vo. Bordeaux, 7 Febr. 1911.

which have been wise enough to take hints from the forest officials have often doubled the produce of their woods by the adoption of judicious measures and the carrying out of needful improvements. On the other hand, those communal woods which are not under the forestry régime are generally destroyed by cattle. In a report made for a parliamentary commission, M. Fernand David pointed out in the two departments of Savoy and Haute Savoie alone the waste of 15,447 hectares of woods belonging to communes and to public institutions (1), and the communes of the "landes" of Gascony are almost alone in having themselves kept their woods in good condition.

Of the woods belonging to private owners, some are well-kept, and others leave much to be desired for the following reasons:

1. Articles 832 et seqq. of the Civil Code, with regard to the division of property in kind are liable to cause serious interference with the preservation of woods. The subdivision which does not permit of scientific management and working of forests, generally leads to their destruction, and to clearing, pure and simple. Unfortunately, to remedy this difficulty it would be necessary to undermine the very foundations of the rights of inheritance, and it is very doubtful whether legislators would consent to modify them, in spite of recent changes made by the institution of the homestead (*bien de famille*), and the legislation for cheap dwellings.

2. On the other hand, before the yield of a forest can be largely increased, the reserves must be important, and of considerable age, and the growth of coppice wood must be encouraged under the high forest trees. All this requires long periods of time, far exceeding the duration of human life, and cannot be accomplished without patience and foresight with which private owners of forests are not always endowed.

In spite of these considerations, it appears from some notes sent by the Minister of Agriculture to M. Audiffred (2) that the extent of the woods cleared in the last thirty years by private persons does not exceed 29,634 hectares, that is 988 hectares per annum, but to this must be added, according to a Commission of the Chamber of Deputies (3) "the extent of the forests not under a regular system". M. Fernand David in November, 1908 stated that this amounted to 59,705 hectares, a condition which does not warrant unlimited confidence in the *statu quo*.

(1) Particulars respecting these woods will be found in the supplement, No 1,993 to the report of the session of the Chamber of Deputies of July 11th. 1908, pp. 29 to 32.

(2) See Report above mentioned, p. 28.

(3) See Report. Supplement No. 1,993, above mentioned, pp. 27, 28.

§ 3. *State Intervention.*

State intervention for protection of forests in France goes back to the ancient régime. The forests of Gaul appeared inexhaustible when man began to clear them to make room for his dwellings and farms, (1) but from the Middle Ages the lords of the soil had to defend that which remained from trespassers and flocks, and the preservation of the existing woods began by their *direct management* of their feudal domains, embryo of the public domains. The *regulations*, of which the Fors du Béarn, printed in 1552, give an example, were added thereto later; and the forest regulations of Colbert extended in 1699 to all the provinces, regulations of which portions still survive in the forestry code of to-day. Since 1827 the communal forests are under the direct management of the State, and since 1859 clearing can only be carried out under special authorization.

It was with the direct intervention of the State that at the beginning of the XIXth. century Brémontier re-planted the dunes of Gascony; then Chambré-lent, in accordance with the law of the 10th. of June 1857, began, by the re-afforesting the Landes, that appeal to capital and enterprise which is responsible for the re-afforestation of la Sologne and Dombes.

In those mountainous regions, where the evil results of deforesting are soonest felt, the disappearance of the forests has proceeded parallel to the opening of new roads, which facilitate the sending down of timber and the going up of flocks.

Surell laid down rules for the application of re-afforesting in correcting the beds of torrents; and the laws of 1860 on re-afforestation and those of 1864 on the formation of meadows provided for contributions from the State and from proprietors to the expenses of the work carried on by the Administration of Waters and Forests.

Unfortunately, private initiative failed to respond to the appeal, and the act of April 4, 1882 increased the burdens of the State, suppressed those of the communes, divided the work into two categories, and made provision for conservation:

1. The State reserved to itself the right to intervene directly and energetically in critical cases by taking exclusively into its charge all "works of restoration rendered necessary by the subsidence of the soil and actual and imminent danger," which are declared by law, after due enquiry, to be compulsory. In such cases the State by expropriation or friendly arrangement acquires the areas so classified.

(1) See more especially Caesar, *De Bello Gallico*, book II, chap. XVIII; book III, chap. XXIX; book IV, chap. XXII; book V, chap. XXXII.

2. In other cases, when preventive measures were deemed sufficient, generous subsidies to be given in the form of trees, labour, or money, were awarded in aid of the optional measures to be taken by communes, associations, and public and private bodies.

#### § 4. *Results of the Law of 1882.*

The law of 1882 allowed the State to advance in the progress of *re-storation*. The forestry staff was now composed of engineers to whose skill and intelligence the country is indebted for the disappearance of many destructive torrents in the Alps, the Cevennes and the Pyrenees. In undertaking this work, the Administration entered on a task bristling with difficulties of every description; its functionaries invented new methods for making unstable ground firm and their artistic sense rendered them more careful to preserve the beauties of nature than to leave to posterity testimony of their own labours. They turned their attention to rustic works soon hidden from view by the luxuriant verdure that obliterated from the landscape every trace of the hand of man. The extent of these works is described in the following note sent in 1909 by the Minister of Agriculture to M. Audiffred:

"The work of re-afforestation began here immediately after the promulgation of the law of 28th. July, 1860 substituted later by that of 4th. April, 1882.

It is necessary to go back to 1860 to give an account of the extent of country re-afforested within the prescribed limits as well as of the optional re-afforestation undertaken by communes and private persons aided by the State.

The statistics of 1892 and 1908 show the extent of the tracts re-afforested since 1860.

#### 1st. *Perimeters restored.*

Period	Area Re-afforested	Wooded Area Restored	Total Area
	Hectares	Hectares	Hectares
Period of 32 years, from 1860 to 31st December, 1892 .	62,439	5,981	68,420
Period of 16 years, from 31st December, 1892 to 31st De- cember, 1908 . . . . .	62,954	9,343	72,297
Total . . .	125,393	15,324	140,717

2. *Optional Reafforestation with Subsidies.*

	Hect.
Period of 32 years, from 1860 to 31st December, 1892, tract re-afforested . . . . .	63,516
Period of 16 years, from 31, December, 1892 to 31st December 1908, tract re-afforested . . . . .	42,864
Total . . .	106,380

The note thus concludes " Numerous re-afforestations have been made by private persons without State subsidy, but it is impossible to say to what extent. "

An approximate idea of these might be obtained, however, according to M. Louis Ducrot, by basing the calculation on the annual remission of taxation granted by the State. For instance, in 1905, the total value of new remissions and of those obtained within less than thirty years and still in force at that date, amounted to 151,971 francs. If we estimate the average tax per hectare remitted to the land-owner we shall find that the number of hectares afforested is probably 133,000.

Amongst the leaders in optional re-afforestation an honourable place must be given to *l'Association centrale pour l'aménagement des montagnes*, founded in 1904 by M. Paul Descombes for the purpose of farming on long leases those communal lands in the high valleys and table-lands which are devastated by the flocks coming up from the plains, famished by their long journey ; also to improve the condition of the commons, to make roads, shelters for shepherds, meadows of which the forage crops will provide litter for the cattle, to plant trees on steep slopes, and brushwood on rocky ground, to preserve wooded pasturage where cattle will be safe and to consolidate the ground, to encourage the substitution of cows for sheep by the organization of dairy associations (*fruitières*); to put a stop to the disastrous joint possession of property between French and foreign communes ; to hand over to the communes improved grazing lands, together with forests producing revenue more than sufficient for their maintenance. These measures were intended to afford a practical example to the people of the connection between well managed grazing lands and forests ; to propagate by publications, lectures and congresses the most efficacious means of regulating water courses, and to solve the double problem of preserving to the mountains their soil and their population, both problems having the same solution."

Supported by the liberality of its subscribers, by the subsidies of the State, the Departments and the Chambers of Commerce, seconded by some early converted mountain dwellers, then by its former adversaries, the as-

sociation stopped the deterioration of its first territory of 2,000 hectares, o which the improvement still goes on without expense to the communes to whom it belongs. Its object lessons have now spread into twelve territories among the three departments of the Pyrenees and the department of Alpes-Maritimes; under its auspices has also sprung up the " Association Dauphinoise," the " Sylviculteurs de Provence," the " Etudes Limousines." The Touring-Club and the French Alpine Club did not hesitate a moment about joining the movement, and in 1907, the first international Congress for the Management of Mountains which met at Bordeaux was universally applauded.

### § 5. *Where the Law is Deficient.*

Can it be said that the law of 1882 suffices for all requirements? M. F. Briot (1) has recently maintained that it does, but his opinion is not shared by the Commission on Agriculture at the Chamber of Deputies, and M. Fernand David in the name of this Commission makes the following criticisms on the present legislation (2):

The first paragraph of art. 2 of the law of April 4th., 1882 runs thus;

" It can only be decided by law whether works of reparation rendered necessary by the deterioration of the soil or by present and imminent dangers shall be considered works of public utility."

Therefore works required by those lands which have not deteriorated, nor undergone denudation, nor been injured by landslips are not to be considered works of public utility. That is to say that the law is applicable only to torrents and to the living rock. State purchase of such lands, which in all France amount only to 200,000 hectares, would scarcely permit of starting works required for correcting river beds and regulating the gradient of watersheds. It is clear that planting with trees a space as narrow as the bed of a torrent cannot act efficaciously on the watercourse, still less on the river into which it flows. It can do no more than prevent the subsidence of banks which are at their base strengthened by dams and masonry.

Besides, this section of the act is applicable only to districts where torrents exist, and extensive woods like those of the Central Plateau, where the subsoil is strong enough to resist erosion, are entirely excluded. Yet in the Central Plateau are the sources of those rivers the overflow of which is most sudden and disastrous.

(1) F. BRIOT: *Boisements, forêts et pâturages des montagnes* (Woods, Forests and Mountain Pastures) in the " *Revue des Deux Mondes* " 1st July, 1908.

(2) Chamber of Deputies, Session of 1910, No. 1994.

The Commission of Agriculture considers that the law ought to be so modified that those works shall be declared of public utility which not only aim at the restoration of the soil in case of present and imminent danger, but also at such re-afforestation as is needful for the regulation of watercourses. The choice of land for re-afforestation ought to be made wherever it may be deemed necessary, even in districts without torrents, such as the Central Plateau. The Commission of Agriculture demands further modifications in the laws. It has been observed that the associations of the law of the 1st. July, 1901, mutual aid societies, savings banks and insurance companies, seeking safe and lucrative investments for their capital, to the amount of 1,000 millions, are often prevented both in law and in fact from employing it in re-afforestation :

(a) To prevent the reconstitution of mortmain, the law of the 1st. July, 1901 forbids associations merely declared as such, to hold real estate other than that arising from the subscriptions of their members, except those buildings which are used as the seats of their administration, and for their meetings, or buildings strictly necessary for carrying out the objects they have in view. They therefore cannot possess woods or land to be planted with trees unless their object is clearly re-afforestation.

(b) The same holds good for associations declared to be of public utility, which, whilst they may receive gifts or legacies of real estate, are obliged to sell such real estate if not necessary for their working, and to invest the price in conformity with the law.

(c) On the other hand, mutual aid societies, recognised as institutions of public utility, may (art. 20, law of the 1st. April, 1898) possess, sell and exchange real estate to the amount of three-fourths of their property.

(d) Finally, savings banks have no right to possess woods and land to be afforested, although, by the terms of art. 10 of the law of the 20th. July, 1895, they are permitted to invest a part of the savings in the purchase and the erection of cheap dwelling houses, to say nothing of other, investments more risky than the purchase and working of forest land.

It is not enough for the legislator to permit, advise or even order corporate bodies to purchase forest lands ; he must also, if possible, ensure them means of working such property rationally and economically. If insurance companies which are not, subject to the legal restrictions imposed on the bodies of which we have spoken, have not been desirous to invest in forest lands, it is because they have no competent staff to work the forests scientifically the only way in which they can be made remunerative. And this obstacle is always in the way of other corporate bodies, even if the legislator should remove all legal hindrance to their possessing forests.

Now the State has been compelled for more than a century to administer with its own staff the woods belonging to communes, departments and public institutions. It may be said that it alone in France possesses a competent technical staff, and if the cultivation of woods is now considered throughout the country to be a science, on the same footing for instance as the cultivation of the vine, it is owing to the functionaries of the Administration of Waters and Forests.

#### § 6. *Projects of Reform.*

It was therefore inevitable that the idea should be brought forward that it would be desirable to ask the State to extend the benefits of the forest régime to woods belonging to associations and private individuals. In forests placed under this system irregular modes of working and clearing would be checked at their source.

Many bills have been brought forward to remove the legal obstacles in the way of the employment of associated capital in afforestation. After a series of modifications in detail into which it is now impossible to enter, one of these bills was discussed and adopted by the Chamber of Deputies in the session of the 12th. March, 1909. After that the Commission appointed to examine it proposed its adoption, pure and simple, in the Senate. There is therefore every reason to hope that it will soon become law. We give a brief summary :

To facilitate their preservation and working, woods belonging to associations recognised as being of public utility and to registered mutual aid societies are subjected to the forest régime under the same conditions as those of public bodies. At the request of such societies, certain provisions of the forest code (enumerated in art. 3.) are extended to woods belonging to private owners and to societies for mutual assistance. The associations constituted under art. 11 § 2 of the law of the 1st. July, 1901, are empowered to receive woods, forests or land for planting either as a free gift or for payment (art. 4). Savings banks are authorised to employ in the same way the fifth part of their capital or the whole of their incomes.

After the adoption of this bill by the Chamber, the Agricultural Commission proposed that Parliament should make the needful modifications in the law of 1882. When these measures have passed, nothing will be needed except to ensure the support of private individuals.



§ 7. *The Winning over of Public Opinion.*

It is indeed indispensable to the cause of re-afforestation that public opinion should be on its side, for, with its support, all is possible, without it, nothing. In his report to the Senate, M. Audifred told of a district in Drôme where, with the consent of the inhabitants, some fine plantations had been made. For defence against a torrent it was deemed necessary to acquire some important land belonging to one of the villages. But without the use of these lands the livelihood of the inhabitants became precarious. The mayor of the commune having carefully studied the case, and being authorized by all those interested, came one day with an offer to the Administration, viz. to yield not only the district desired, but also all the property of the village itself for the sum of 200,000 francs, on condition that the villagers should be granted land in Algeria. Such a transaction under exceptional circumstances, may be very advantageous both to the State and the dispossessed proprietors. But in most cases, it is by facilitating the increase of the yield obtainable from a section of their lands that the proprietors can be induced to provide themselves with a new source of revenue by re-afforesting part of their land. Even a rapid journey through mountainous districts suffices to give convincing proof that the value of grazing lands may not only be doubled but increased five-fold and, thus, unproductive land may become very remunerative.

When it is demonstrated to the mountain dweller that he will be given the means of keeping a larger stock of cattle, better fed and yielding more per head, he will no longer obstinately continue to live in misery and offer pertinacious opposition to re-afforestation. He will come to understand that plantations of trees round fields shelter them from the drying and other destructive effects of the winds, and that the pastures thus sheltered are of more value, and are more fertile than those that are wind-swept. He will agree to have wooded fields as well as meadows and woods. For the renewal of pasturage injured by the trampling of sheep, it may be desirable to reduce the live stock. The State may insist on this by granting a temporary indemnity per head of cattle removed. It may also hire mountain grazing lands.

Nevertheless, it is not to be supposed that this change in the mind of the peasant can be rapid; neither to-day nor tomorrow will he of his own free will consent to such improvements even when financially assisted by the State, but such is the way with all improvements. Forty years ago, communes not isolated in the mountains, but at the very gates of industrial centres, refused for the building of their roads subsidies of from 30,000 to 40,000 francs, offered to them on the sole condition of borrowing 4,000

or 5,000 francs for thirty years from the road fund to be invested at an interest of 4 per cent with repayment at the end of thirty years. Fifteen years later, these same people who had refused the enormous benefits offered them, solicited much smaller sums to make a network of means of communication, at very heavy expense to themselves.

It will be with re-afforestation and with the cultivation of grass lands as with all other great enterprises for the benefit of the public. They will only be effected when the mountain farmer has recognised the truth that it is his interest to transform a part of his estates into forest lands, and his poor pastures into good meadows, and, thanks to irrigation, to make meadows and pastures on soil hitherto unproductive. To bring about these conditions is not beyond the intelligence and zeal of the staff of the Forestry Administration.

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## MISCELLANEOUS

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### REGENCY OF TUNIS.

#### CURRENT QUESTIONS.

#### French Agricultural Colonization in Tunis, Summarised from the most Recent Documents.

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The year 1911 has been marked by a fact, which, better than any other, confirms the interest taken by the French Government in the development of the Regency of Tunis: taking advantage of the opportunity which presented itself of opening a railway, the President of the Republic did not hesitate to leave the capital to visit Tunis. The daily press did not fail, as might be expected, to proclaim the great importance of this event and, more than ever, the attention of the French people was drawn to a country so near them.

The presidential journey was indeed only the crowning of an untiring propaganda and the culmination of a colonial policy followed out with a remarkable spirit of continuity for thirty years. To indicate the broad lines of this policy will be the best means of making the results appreciated.

### § 1. *The Beginnings of the Protectorate.*

While many years passed before an era of peace dawned for Algiers, Tunis submitted, in less than two short campaigns, to the French domination. The new Government, under the name of a Protectorate, first attended to organising the local administration, then it boldly started on public works. In a few years, it had constructed a net-work of roads and the railway-line which, previous to the French occupation united Tunis to the Algerian frontier, was enlarged by a net-work of narrow gauge lines. Thus the land was soon ready to allow of colonization taking root in the country.

The organisation of landed property in Tunis was favourable to this colonization. In Algeria, property is generally collective and it takes

much time to transform it peaceably into private property easily transferable to Europeans. In Tunis, on the contrary, property belongs to the individual or to the family, so that transactions between Europeans and natives can be effected in the ordinary ways.

By a bold reform, the first President-General, M. Cambon, introduced a land régime intended to facilitate and safeguard the purchase of land. The beylical decree of 1st. July, 1885, amended by the decrees of 15th. and 16th. March, 1892 and 24th. December, 1898, adapted the celebrated Australian law, known as the "Torrens Act," to local requirements. By registration in a Land Register with certain formalities and after an inquiry at the end of a fixed time, the ownership of the land is settled: no counter claim can be made, and by changing the entry in this same register, the property can again be transferred from one person to another: also mortgages or other actual rights can be created, annulled or transferred.

After several years of hesitation on the part of the Colonists, the legislation has become so successful that, according to M. Paul Leroy-Beaulieu, if the movement continue at the same rate as hitherto, in 1954 more than 5 millions of hectares will be registered: that is to say, half the area of the Regency.

## § 2. *The Government and the Colonists.*

The manner in which the public authorities have understood their relations with these purchasers deserves mention.

The first colonists who presented themselves, owners of large capital, formed large estates without any interference on the part of the State, and when, some years later, in 1890, the State thought it necessary to intervene, the official who was charged with the organisation in Tunis of a service of colonization, M. Paul Bourde, perfectly understood that the rôle of the public authorities should be rather that of encouraging individual initiative than of superseding it. He tried to make known in France, the resources of every kind that Tunis offers, so as to induce those interested to avail themselves thereof, at the same time not hiding from them any of the difficulties that would confront them. He formed an Inquiry Office to furnish future emigrants with all information likely to help them in their decision, to obtain for them reduced rates of travelling, from their home to the colony, and finally to facilitate installation, by further information given on their arrival in Tunis.

The Government did not stop there. To prevent the loss of time to immigrants before the purchase of an Arab estate could be concluded, it did not hesitate to appropriate the beylical domain for colonization,

and when the resources of this property were exhausted, others were procured by means of exchange and even purchase.

A decree of 1st. September, 1897 thus created special funds for colonization and for re-investment in real estate, having for its object the purchase of land for allotment. This fund received in 1900 an initial endowment of 1,500,000 francs, increased by 1 million in 1904, by 500,000 francs in 1905 and by 5 millions in 1907. These endowments have allowed of the purchase of large extents of land. Lands, duly surveyed, divided into lots, bounded and matriculated, are sold at any time and on the spot to every French buyer who may present himself in Tunis at the Estate Office and pay the price. The future colonist, the moment he lands, may go and visit the land for sale, and when he has made his choice, he has only to deposit the amount or the part payable in cash, and to sign the deed of sale to become definitely the owner. The only restrictions to his right of ownership are the obligation to build, to instal a French family, and to improve the land, within a year, and the interdiction during ten years, of re-selling to persons not approved of by the administration. Thanks to this very simple system, the future colonist loses neither time nor money in preliminary proceedings. M. Fallot, who was at the head of the Service of Commerce and Immigration in Tunis, quotes the following example which shows with what rapidity the administrative formalities can be completed: a visitor to the Universal Exhibition of 1900, by chance entering the room of Tunisian colonization, saw there a notice on lands for sale. Struck by the facility for enterprise, he that evening took the express for Marseilles and the next day crossed to Tunis; a week later he signed the deed which made him a landowner.

From 1892 to the end of 1908, the State gave, directly or indirectly, in the North of Tunis, 1,281 rural lots for colonization, covering a total area of 113,000 hectares. In the South, it sold 491 lots, of an area of 86,000 hectares, intended for olive plantations on certain conditions. So it established 1,772 families on 200,000 hectares.

Let us add that, to prevent the colonists being too isolated, the State reserves in the centre of the principal allotments a piece of ground, where, directly the want is felt, public buildings, that civilization requires, will be erected: a post office, school, church, police station etc. Near at hand are traced out and offered for sale urban lots, where merchants and manufacturers may establish themselves. In this way, the future is assured without useless expense; the centre will remain a hamlet or grow to a town without anything hindering the advancement that the free play of economic forces reserves for it.

Finally, once the colonist is settled, the Tunisian Administration places at his disposal its agricultural service, whose agents explain to him the methods which have given the best results on the oldest properties,

and the difference between the agricultural usages in France and those which seem most suitable in the colony. This officious zeal can never be indiscreet or tiresome, since it is only exercised in favour of those who ask for it, and within the limits of their requirements.

In short, the Tunisian colonist only receives from the State information which he is invited to examine and verify on the spot himself; he acquires the property he visits and chooses with his own money; he is in no sense a mere agent of State enterprise; he is a free man, acting on his own initiative, who attempts, at his own risk and peril, risky enterprises, because, after due study he believes he can carry them out to a successful end. If he has presumed too much on his strength, capacities or resources, he can only blame himself.

### § 3. *The Type of Tunisian Colonist.*

The results of this policy are easy to see. In appealing to personal energy and self-help, really picked men are attracted to the soil of the Regency. — "What strikes one, wrote M. Louis Arnould at the time of the presidential journey, is the remarkably high standard of the Colonists of Tunis. — All who have associated with them have been struck by their intelligence, their quick wit, their education, their exalted ideas, and we ourselves have very often had days and evenings of conversation with them which will remain among our memories as some of the pleasantest. These men, who have nearly all received a careful education, belong, for the most part, to the middle class and aristocracy: a certain number are retired officers, many young men of excellent family. All, having heard speak of this new France which was opening up at a distance of a few hours from the old, left with their capital or that of their relatives, to be something or somebody, better even than in their birthplace, or where their career might cause them embarrassment, giving themselves more trouble, no doubt, but more proudly keeping their complete independence and expanding their domineering need of enterprise. One is under the impression that a rare selection has been made in France; in rich circles, one is not far from thinking that these educated, determined, energetic men are amongst the best; that here is the flower of a race which is recovering its full vigour and splendour through being planted in Tunisian soil; and at the sight of these members of the French aristocracy or the army who have made themselves pioneers of African agriculture, one wonders whether, obeying perhaps an instinctive law of heredity, they renew the venerable tradition, re-uniting themselves by their kind of life to their ancestors, nobles and soldiers, who were the first to clear and plough the land of France."



This view, on the whole, seems unassailable. It will, however, be as well to carefully distinguish between the three large kinds of French owners who meet in Tunis :

The Limited Company ;

The smaller association and the large individual proprietor ;

The small proprietor.

We shall now briefly study the results obtained by all of them.

#### § 4. *The large Colonization Companies.*

The Limited Liability Company was the first to appear on the soil of Tunis. The Enfida estate was thus formed, the area of which is nearly 100,000 hectares. It had been given by Sadok Bey to his minister Kheir-eddine who, after his disgrace, sold it, in 1879 to the " Marseillaise Society of Industrial Credit and Deposit." It was later ceded to a new company formed with a view to exploitation : the " Franco-African agricultural and real estate company." However, it was only in 1881, after the entrance of the French troops into the country, that the buyers of Enfida were able to send their representative to establish himself there. At that time the estate was nothing more than an uncultivated desert, the whole of the nomad population of which had fled into Tripolitania. There were only two miserable villages inhabited by Berbers and a *bordj*, an Arab building in ruins, where the seat of the company was established. In time the emigrants came and began to cultivate the soil on the half share system. A vineyard of 300 hectares and an olive grove of 100 hectares were laid out. Around the old *bordj* restored, the company erected numerous buildings for the housing of its staff, cattle and crops. Its immense cellar can hold 20,000 hectolitres of wine. A whole village was built, called Enfidaville; it contains more than 700 Europeans, and has a chapel, school, post and telegraph offices and an hotel. Every week an important market is held in the large square.

The same company works, at a distance of 21 Kilometres from Tunis, the property of Sidi-Tabet, the area of which is 5,000 hectares. In 1881 it was an immense plain, chiefly uncultivated and covered with thickets of jujube trees. To-day 600 hectares are under grain, 300, meadows, 200, vineyard, 150, irrigated land; 1,250 hectares are reserved for pasture and fallow ground, and 2,500 are let or given in farms or on the half share system to the natives. In the middle of a eucalyptus wood numerous buildings have been raised for dwellinghouses, cellar, cow-house, sheep-pen, work-shops etc., a chapel, school, café and restaurant have been added. A stud, which was the origin of the first formation of the estate, has remained

one of its most important features. On this vast property there is a population of more than 75 Europeans and 2,000 natives.

#### § 5. *The large Proprietors.*

An excellent example is furnished by Crétéville, 20 kilometers from Tunis, as to what can be done on a large private estate.

In the midst of a plain then almost entirely uncultivated, a retired cavalry officer, M. Maurice Crété, settled in 1885, on a property he had just bought. To begin clearings without delay he had to live in a tent, whilst waiting for a more comfortable shelter. Now Crétéville is a village, provided with a church, post, telegraph and telephone offices, police station and school, and a steam tram service which goes in one hour to Tunis.

#### § 6. *Agricultural Probation.*

One of the most unquestionable advantages of large estates in Tunis, both those held by limited liability companies and those cleared by the efforts of one owner, was to allow the importation of the system of agricultural probation terms on the soil of the Regency.

Since 1898 there has existed a colonial school of Agriculture at Tunis, which tries to teach the kind of farming which the future colonists will require to practise later : grain, vine, olives, fruit trees, vegetables, also the breeding of various kinds of domestic animals. They teach, besides, colloquial Arabic, hydraulic agriculture, colonial hygiene, the economic geography of the colonies and colonization, rural law and Tunisian legislation etc. Finally the pupils are taught riding and smith's work and carpentry.

It is evident that besides the considerable interest which these various branches of study offer the young men called to live in Tunis, the mere fact that their studies are made in the same centre where later they will apply their knowledge, constitutes an excellent means of preparation for them.

In a way they become morally acclimatized and begin their experience of the men and things of the country. The management of the school tries all in its power to make this assimilation of Tunisian things easy to the pupils : the holidays are spent in visits to the nearest estates, and during the Easter holidays the pupils, under the care of a professor take a trip of ten days across the country on horseback, sleeping under tents.

However perfect may be its organisation, a school nevertheless does not fully represent real conditions. The question of the net cost of production of a crop which is the main point on the farm, there necessarily becomes secondary : not to exceed the funds placed at his disposal is the only financial preoccupation of the director and this gives a somewhat abnormal character to the otherwise excellent work and one which it is important not to imitate in current agricultural practice. It is then necessary that the future colonists, on leaving this scientific institution should be placed for some time amongst the ordinary conditions of practical agriculture, which later they will have to exercise and the more prosaic object of which is to realize profits.

The Department of Agriculture at Tunis was fully aware of this necessity. Not only does it grant scholarships to the most deserving pupils in its school, which allows them to serve an apprenticeship on a large farm, but it uses its influence with the proprietors to encourage them to receive these apprentices, and also with future colonists, whether or no they may have passed through the school at Tunis, by showing them the usefulness of preparing themselves by apprenticeship for the undertaking they contemplate and places them in correspondence with owners willing to receive them.

The apprentices are lodged and boarded at their own expense on the estate. They take part in work of all kinds, superintend the workmen and are gradually trained to all the thousand details of a farm, till they feel capable of imitating what they have seen done and of managing an estate in their turn. Numbers of young men hesitating and rightly so, to invest their capital in an enterprise for which they felt themselves insufficiently experienced, have decided to launch out, after acquiring enough agricultural knowledge as the result of such apprenticeship. Many who considered themselves beyond the age of sitting on a school bench have become apprentices without passing through any agricultural school. It would certainly have been better for them to possess some theoretical knowledge, but pressed for time, they have sacrificed the useful for the indispensable. So they work under the direction of experienced colonists, who, having themselves passed through all the difficulties at the beginning and having overcome them, are now more capable than any of giving advice and example, of showing the rocks to be avoided and of marching direct towards the end in view.

#### § 7. *The Difficulties of large Estates.*

Large Tunisian estates thus serve an educational purpose of which one cannot speak too highly. They are subject however, to many drawbacks, or at least, serious difficulties. Since 1897, M. Jules Saurin, in the

*Revue de Paris*, drew up the following pessimistic balance sheet: "Take the list of the large estates in Tunis, and you will scarcely find a dozen that are prosperous." And yet, many amongst them have been managed by eminent practical men, zealous and conscientious; but, notwithstanding their efforts, the weight of general expenses, work badly done, the waste of raw materials, jeopardised the business entrusted to them. Nothing ever supplies the place of that feeling of affection with which a French peasant does his work and cares for his animals. The large vineyards which have survived all dangers have generally been managed by the owner himself, surrounded by his children or a special staff, devoting the greatest efforts to the supervision of his estate. Notwithstanding this, the upkeep of a hectare of vines still costs him from 500 to 600 francs, whereas a vineyard entrusted to a family of French cultivators demands at most thirty days of a man's work and thirty days of a woman's or child's." (1)

If one wishes to raise other crops than the vine, the grouping of farm premises on the same spot presents, in itself alone, still more serious drawbacks. As the author of the article we have just quoted shows, wheat and forage crops necessitate considerable work of transport from the farm to the fields and from the fields to the farm; a hectare of land requires 30,000 Kilogrammes of manure every three years, that is to say, 10,000 Kilogrammes a year. Soil thus manured gives 10,000 Kilogrammes a hectare of dry produce, hay, straw or wheat. Each hectare under cultivation then entails transportation of 20,000 Kilogrammes every year. If a field be at a short distance from the farm, a man will accomplish this work in four or five days. If, on the contrary, the field is at several Kilometres from the house, the same work takes from 15 to 25 days a year, that is to say, an expense of 40 to 70 francs a hectare, which absorbs all the profits of the crops.

These considerations, of which no one will contest the value, have been influential in determining a considerable development in small farms in Tunis. These small farms are either freehold or rented on the *métayer* system of half share.

#### § 8. Small Estates.

We have seen how persevering have been the efforts of the Government for the spread of small farms. We must now examine the results of its action.

At the beginning, land was sold for cash only and this was an obstacle in the way of the peasants who rarely have large sums to dispose of. The

(1) *Revue de Paris*, 15th November, 1897, pp. 347-348: "Le peuplement Français de la Tunisie".

three oldest centres have existed since 1895 : Oum-Zid, near Mateur, comprised 400 hectares and 9 lots : Les Nassen, close to Tunis, 134 hectares and 4 lots ; Bordj-Touta, near Tebourba, 1,536 hectares divided into 26 lots. At Oum-Zid, four lots have been bought by one proprietor alone, two have been resold to Italians, two lots only now remain to the first buyers. At Nassen, one of the lots has passed successively through the hands of four different owners ; the second has been allotted between six small Sicilian Colonists, two lots still remain to the two original proprietors, who were two peasants. At Bordj-Touta, there remains only one of the original buyers, a smith in the neighbouring village of Tebourba ; all the others have left and two or three owners possess eight or ten lots.

In view of such a state of things, the Government has modified its course of action. In payment of the lands it sells, it now allows the price to be paid in as many annual instalments, as the buyer may desire, as long as these instalments are not more than ten. During the first four years, it asks for no interest ; for the fifth and sixth the rate of interest is only 2 % ; for the last four, it rises to 4 %. As will be seen, the results are most encouraging.

M. Jules Saurin, who has lately studied all the groups created under the régime of payment by instalments thus sums up his inquiry into three of them :

Le Goubellat, La Mornaghia and La Merdja of Souk-El-Khemis.

Le Goubellat, formed in 1899, consists of 4,000 hectares, re-divided into 70 lots ; it has recently been enlarged by 1,600 hectares, divided into 15 lots. Of 39 colonists whose origin is known, 19 are peasants, of whom 11 are Algerians, and 20 towns or middle class people. No speculator has been seen. The great majority of the first purchasers still occupy the soil and have increased its value. The towns-men colonists have given up their lots ; not one peasant has left. Nearly all have cleared their lands, which were covered with jujube trees, and the green spots of brush-wood only form small islets scattered throughout the immense plain, now finally subjected to cultivation.

La Mornaghia, allotted in 1900, (4,000 hectares, 92 lots) is situated at 40 Kilometres from Tunis. Of 37 colonists noticed, 27 are peasants, of whom 14 are Algerians, 7 are towns-men and 3 speculators : no lot has been re-sold, except two, on account of death. All the lands have increased in value, fifty houses have been erected and a large majority of the colonists are prosperous.

Le Merdja de Souk-el-Khemis, 105 Kilometres from Tunis, on the railway, comprises about 3,500 hectares, divided into 31 lots sold in 1901. Of 27 colonists noted, 9 are peasants, of whom 4 are Algerians, 10 towns-men and 8 speculators. Here, the proportion of speculators is much higher than in the other groups ; several of them, seven years after taking possess-

ion, have not yet raised any buildings. The lands generally have increased in value, but the number of colonists is far less than on the other lots.

M. Saurin sees two great truths brought into light by this inquiry : the complete success of peasants having some means to dispose of and endowed with ordinary personal qualities and the extreme fickleness of the bourgeois or townsmen, who do not settle down so easily on the soil.

It is seldom that peasants fail; a few, indeed, disposing of insignificant sums, had bought their lots prematurely. The greater part of these have had immense material difficulties, but nearly all have surmounted the obstacles and are now successful. One of the Algerians had not even the wherewithal to pay the first instalment on his lot, he has to-day raised its value and the harvest brings him in every year 4 to 5,000 francs in cereals; at La Mornaghia, at Goubellat, at La Merdja, not a single peasant has sold his lot.

The lots bought by the burghers or towns-men on the contrary show continual changes. Some lots have passed through the hands of five owners in a period of eight years. At Bordj-Touta not one of the original buyers is left, who were all townsmen. At El Arich, and Cap Bon, the lots acquired by the young pupils of the colonial school have nearly all passed into the hands of new proprietors. The proportion of these who sell their lots is considerable; they may be reckoned at 60 to 70 %, while among the peasants, they only reach 3 %.

#### § 9. *Workmen and Métayers.*

The peasants, as we have seen, are people who already possess means; is there room in Tunis for a man who has no other fortune than his arms?

In regard to this, it is important to make a distinction.

Without exception the isolated agricultural workman cannot find remunerative employment in Tunis, on account of the cheapness of manual labour, but it is the opposite with the father of a family, 35 or 40 years of age, who may have three children old enough to work. If an agricultural labourer is given a house of two or three rooms, a garden, the right to raise chickens and a pig, he is satisfied with 2,000 to 2,200 francs a year, out of which he can save from 7 to 800 frs. Now, it is to the interest of the Tunisian proprietors to employ salaried French workmen under these conditions, as M. Saurin has well shown: a family consisting of four persons who work on 2,000 to 2,200 francs a year, has a salary of an average of 500 francs per person, for 300 days' work, that is to say, fr. 1.60 to fr. 1.65 a day. Two workmen at least in a family are capable of pruning vines. Now, a pruner is paid 4 to 5 francs a day, and an owner who has 30 hectares of vines requires two pruners for two or three months. Here is a sum of

6 to 800 francs that he saves the proprietor, and the ordinary day's work of the members of a family does not cost him more than 1 franc a day, whereas he pays the Fezzanais fr.1.25 to fr. 1.50. The proprietor soon reimburses the interest and supplementary capital that he has to spend for the construction of the French family's house (2 to 3,000 francs a house).

The result is still better when the family of salaried labourers is transformed into a family of *métayers*; which the "*Society of the French farms of Tunis*," does, with well merited success.

This society founded by the indefatigable M. Saurin, makes a contract with the French peasants called a contract of "Master Valet" (*maître-valet*). The "Master Valet" must be married; his salary is fixed, and varies from 90 to 130 francs a month; he is lodged, has the right to the produce of a garden 1,000 metres square, a poultry yard, a pig and the milk of two Arab cows; his children are paid according to their age and work; he may receive gratuities if the crops are good and his employers are satisfied with his services. He engages to work personally under the immediate orders of the director of the farm and to follow all the orders the latter gives him in regard to agricultural work; he has to give security of 400 francs, for which he is paid 5 % and which can be deducted by instalments from his salary, if he has not got it on entering.

Almost from the beginning, the "master valet" makes some savings; if he has two or three children old enough to help him in the simple work of keeping in order, he succeeds in earning in wages 2,000 francs a year, and living on the produce of the farm, he can put about 1,000 francs aside. At the end of a few years, he has saved sufficient to become a *métayer*, with every chance of success, since he has acquired the capital and experience that makes him valuable.

The fundamental clauses in the *métayer* contract are simple enough; "the Company furnishes the land, buildings, animals for work and stock; the threshing machines for cereals, the *métayer* supplies the small agricultural implements, (such as cart, reaping machine) and all necessary work" the division of the produce is by halves, except what comes from the garden, poultry yard and milking cow, which belong to the *métayer* himself, for the feeding of his family and servants: a minimum of the produce, varying from 1,000 to 2,000 francs a year, according to the extent of land entrusted to him is guaranteed to the *métayer*.

The following is the balance-sheet of a farm thus managed:

A farm of 50 hectares, of which 10 are under vines, requires a capital of 32,000 francs, and brings in roughly 10,000 francs. The net cost is thus divided: purchase of land 7,500 francs; buildings 5,000 francs; stock 3,000 francs; sundries 4,500 francs. The first expense in planting a vineyard is 1,200 francs per hectare. The income comes from the produce

of the vines (600 hectolitres of wine sold at 12 francs = 7,200 francs), and from 40 hectares under cereal and forage crops, which brings in roughly 50 to 150 francs a hectare, according to the year and region.

Thus, as a general rule, in a well managed farm, with a capital of 32,000 francs one makes a profit roughly speaking of 10,000 francs. This remunerates both the cultivator who tills the soil and the capitalist who furnishes the necessary funds. Allowing for the division of the gross produce between these two, according to the contract of *métayage*, there still remains 5,000 francs each for the peasant and capitalist.

This is an excellent business for the peasant. As there is no dead season in Tunis, one team can well sow 30 hectares to cereals and grass and plough 10 hectares of vines. The peasant finds all round him cheap supplementary manual labour (as we have already said, the Arab is paid fr. 1.25 to fr. 1.50, without food); he has besides a threshing machine. Under these conditions, even without children old enough to work, he scarcely pays 5 to 600 francs worth of supplementary days and can always put aside 1,000 to 2,000 francs a year if he is economical and works hard. With these savings, he quickly buys himself a farm in a country where land costs from 150 to 200 francs a hectare.

The business is also good for the capitalist, since he makes 12 to 15 % on invested capital. It is true that if he does not manage the farm himself, he must deduct a part of the yield to pay the expenses of management or supervision, but there remains to him 5 to 8 %, without counting the increased value of his lands.

Three conclusions may be drawn from the experience of the "*Society of French Farms in Tunis*."

1). *Every peasant who goes to Africa remains there.* — Of 65 heads of families employed by the Society in different ways, only four have returned to France, two after having made a small fortune rapidly and the other two for reasons of health. All those who were endowed with ordinary intelligence quickly recognized that the country offered them and their children a greater future than did France. A first check did not discourage them. They began a new career either under other proprietors, or on a lot payable by small instalments.

2). *All French peasants who go to Africa become landed proprietors.* — 25 of the old *métayers* of the "*Société des fermes françaises de Tunisie*" are to-day proprietors of farms of 50 to 300 hectares. All those who still occupy their *métairie* are all making the necessary money to become proprietors in their turn. Eight to ten only of the 65 noted will never become owners.

3). *Every French peasant who goes to Africa calls over one or two compatriots.* — Out of some hundred facts, in support of the assertion, here are two carefully observed by M. Saurin. One of the first *métayers* of the "*So-*



ciété des fermes françaises," an old soldier at Tunis, sent for his five brothers and two brothers-in-law who in their turn brought two of their relations. A métayer of Saint-Pourçain, in Allier, sent for his two brothers and a cousin. Three years later, one of them attracted two of his relations. In this manner are formed hundreds of small currents of emigration which, like small streams that feed rivers, end by giving birth to a regular influx of emigrants.

Such results are appreciated, as they deserve, as much by the Government of the Regency as by private initiative. A beylical decree of 12th July, 1910, modifying a preceding decree of 16th December, 1903, relative to the sale of public lands for colonization, provides especially favourable conditions "for the overseers, métayers and rural workmen established in Tunis for more than five years." (1) On the other hand, Enfida has laid out in the north of its concession four lots of farms, of 50 hectares each, sold at 150 Frs. the hectare, a quarter payable in cash, the remainder in ten annuities; the buyers have the faculty of renting in the neighbourhood on the métayer system, 2 to 300 hectares of cleared land, on the one condition that they do spring work on it; during five years they hand over to the society 20 % of their crops, 30 % during the following five years, then 40 %, which can never be exceeded. Straw and the increase of stock are left entirely to them.

#### § 10. *Economic Works.*

Such conditions are favourable to a beneficent current of co-operation and solidarity between the capitalist and the farmer. Moreover this exists already, growing ever stronger and stronger, amongst the Tunisian colonists.

After the unfortunate attempt of the "Agricultural Syndicate of North Tunis," a Chamber of Commerce was first formed at the time when M. Cambon was President-General, which became a little later, the Chamber of Agriculture as well. At the same time the Regency came under the influence of the mutualist movement thanks to the efforts of an old colonist of Sidi-Atman, between Mateur and Tebourba, an ex-officer, M. Marc de Bouvier. A firm partizan of Agricultural credit, the working of which he had studied in Germany, he made a very forcible report to the Association of the Colonists of Tebourba, which won their approval.

The Chamber of Agriculture took the question in hand and asked the Government to introduce the French laws of 1894 and 1899 on agricul-

(1) The complete text of the decree is to be found in the "Journal Officiel Tunisien" 10th August, 1910.

tural credit into Tunis: it was at once granted (the decree of 2nd May, 1905). They did better still. Imitating France and Algeria, Tunis succeeded in getting the Bank of Algeria to place at its disposal, for purposes of mutual agricultural credit and without interest, the sum of one million francs to be repaid by Tunis in 1912 or 1920. The State undertook to advance four times the working capital of the Provincial Bank.

The Colonists immediately founded the "*Provincial Bank of Mutual Agricultural Credit of North Tunis*." The capital subscribed by them and deposited in full is 50,000 francs. The State quadruples this sum and with the money of the Bank of Algeria makes advances of 200,000 francs, and by depositing this sum with the Algerian Company, this bank has opened at the Provincial Bank a line of credit for four times this amount, that is to say, for 800,000 francs. Such is the working capital available for the 4,000 French agriculturists in Tunis, colonists or agricultural workmen.

The colonists who did not agree amongst themselves the previous years, hastened to join. There are now affiliated to the Provincial Bank 15 local banks, with 519 members. During 1908, the Provincial Banks discounted or renewed 1,192 bills amounting to 1,346,000 francs, each with an average of 100 to 2,000 francs. With one single exception, these banks have not suffered losses.

Not only proprietors, but farmers, managers, workmen, have access to these agricultural banks. The Natives are admitted, but show great repugnance to any idea of association, and respect to the letter the precept of the Koran which does not allow a good mussulman to lend money: it is very difficult too to get satisfactory guarantees from them. All the same, the colonists hope little by little to convert them to these advantageous loans.

The same current of solidarity led to the formation of the "*Agricultural Association*."

Remote, as they are, from the towns, particularly from Tunis, some at a distance of 150 Kilometres, the colonists of the North were entirely in the hands of their tradesmen and buyers for their supplies or sales, or else they were compelled to take an expensive journey. There was not even a market price published for cereals.

Thanks to MM. de Carnières, and de Bouvier and an old cavalry officer, the Count Edouard de Warren, who is the president, the "*Association agricole de la Tunisie*" was founded in 1907, without capital, but full of activity.

From July of the same year a beylical decree authorised the formation of agricultural co-operative societies, and commercial societies, as corporate bodies, receiving from the State advances to the amount of double their paid-up capital.

In the following April, after large Mutual Aid meetings at Béja and Tunis, the "*Agricultural Association*" responded to the spirit of the decree and organised co-operation by the help of shares of 20 francs, for which bearers assume liability to the extent of 15 times their value.

"*L'Association Agricole*" now comprises nearly the whole of the French colonists. A commercial committee centralizes their demands for purchase of manure, sulphur, string, food for cattle etc., and their offers for sale of cattle, cereals, wine, grain, etc. A *Section d'études* meets once a month in the building of the Chamber of Agriculture to unite and discuss ideas and experiences on agricultural matters and mutuality. The adherents meet once a year, in March, and, according to the happy expression of M. Louis Arnould, are the "*États généraux*" of the French Colonization in Tunis.

The Association, which doubles the amount of its business every year, did 600,000 francs worth of business in 1909. In facilitating purchases alone, it has accomplished an agricultural reform of the first order. It has been able to furnish chemical manure at a lower price than in France (6 francs a thousand Kilogrammes), and also in excellent condition for analysis: also it has increased tenfold and even more the consumption of superphosphates: it is the association that has made it common, and thus helped in showing that chemical manure is quite suitable to the soil of North Africa, which was doubted.

The opening last April, of the railway which unites Sousse to Sfax had the immediate result of bringing the beneficial Tunisian current of solidarity and co-operation down to the South of the Regency. The motor service no longer required between Sousse and Sfax, was at once transferred to the Sfax-Gabès line, bringing into the commercial orbit of the new country the fine oasis that the road to Djerid opens up. Without further delay the colonists of Gabès made arrangements with the native owners: they showed them the resources of their country, traced the perspectives opened up by the railway, explained the usefulness of the association. The work has proved fruitful, since it has just ended in the formation of the "*Native Society of Horticulture*."

This new co-operative society has a double object in view: to buy together manure, especially for the encouragement of the cultivation of tobacco, and to sell together the first produce obtained by the associated proprietors. As in the "*Caisse régionale de crédit agricole mutuel*," the French and native element are in juxtaposition, one composed of competent officials and the other of natives named by the Caïd.

The contribution is extremely small, for care was taken not to forget that moslem populations, especially in the country have little money, being habituated by usage and the traditions of the Koran rather to discharge their obligations in kind.

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§ II. *The Advisory Board.*

The Government of the Regency very soon understood the importance of securing the collaboration of the chief men settled on Tunisian soil. In 1890, it formed a "*Conférence Consultative*" (Advisory Board) for this purpose, modified in 1896, 1905 and 1910, and at present composed of 39 members; 13 members elected by the agriculturists, 13 by the merchants and 13 natives nominated by the President-General. The "*Conférence Consultative*" meets every year in November, under the presidency of the President-General, with the General Secretary and the five directors of the French administration, to examine the budget. There is no more eloquent example of collaboration between public powers and private initiative for the well-being of a country.

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INTERNATIONAL INSTITUTE OF AGRICULTURE

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**BULLETIN OF THE BUREAU**  

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**OF ECONOMIC AND SOCIAL IN-**  

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**TELLIGENCE**    ▲    ▲    ▲    ▲    ▲    ▲

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The English translation has been made by Mrs BYRNE, and  
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## THE INTERNATIONAL INSTITUTE OF AGRICULTURE

The International Institute of Agriculture was established under the International Treaty of June 7th, 1905, which was ratified by 40 Governments. Ten other Governments have since adhered to the Institute.

It is a Government Institution in which each Country is represented by delegates. The Institute is composed of a General Assembly and a Permanent Committee.

The Institute, confining its operations within an international sphere, shall

a) Collect, study, and publish as promptly as possible statistical, technical, or economic information concerning farming, vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets;

b) Communicate to parties interested, also as promptly as possible, the above information;

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d) Make known the new diseases of plants which may appear in any part of the world, showing the territories infected, the progress of the diseases, and, if possible, the remedies which are effective;

e) Study questions concerning agricultural co-operation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries for the organisation of works connected with agricultural co-operation, insurance and credit;

f) Submit to the approval of the Governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their conditions, after having utilized all the necessary sources of information, such as the wishes expressed by international or other agricultural congresses or by congresses of sciences applied to agriculture, or agricultural societies, academies, learned bodies, etc.

The Institute publishes: a) a Bulletin of Agricultural Statistics; b) a Bulletin of Agricultural Intelligence and Diseases of



Plants; c) a Bulletin of Economic and Social Intelligence; d) a Bulletin Bibliographique hebdomadaire (published every Saturday).

It has also published a volume on "The Organization of Agricultural Statistical Services in the Several Countries", and a volume on "Statistics of Cultivated Areas and of Vegetable and Animal Production in the Adhering Countries" (an Inventory drawn up from documents published by Governments), and "Monographs on Agricultural Association in Various Countries (2. Vol)".

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PART I.

**CO-OPERATION AND ASSOCIATION.**



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# CO-OPERATION AND ASSOCIATION

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## GERMANY.

### I. — CURRENT QUESTIONS.

#### The Development of the Rural Banks Affiliated to the Raiffeisen Federation.

##### Sources :

Landwirtschaftliches Genossenschaftsblatt. Hauptblatt der Raiffeisen Organisation (*Agricultural Journal of the Co-operative Societies Principal Organ of the Raiffeisen Organisation*). Neuwied 35th. Year, nos 14, 17, 18, 19.

The Raiffeisen organisation, the largest German Central Federation of Co-operative Societies, subject to an absolutely uniform regulation, has recently published ample statistics on the action of the agricultural credit co-operative societies affiliated to it, exceeding four thousand in number. These statistics, which are brought up to the end of 1909, contain most interesting details on the work of these co-operative societies.

We abstract the following data :

§ 1. *Number of Associated Co-operative Societies.*

The number of co-operative credit societies affiliated to the Raiffeisen Organization at the end of 1909 was 4,399, distributed as follows in the various regions :

Region	Headquarters of Federation	Number of the Co-operative Societies at the end of 1909
Brandenburg . . . . .	Berlin . . . . .	472
Brunswick . . . . .	Brunswick . . . . .	153
Silesia . . . . .	Breslau . . . . .	460
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Rhenish Provinces . . . .	Coblentz . . . . .	395
East Prussia . . . . .	Königsberg . . . . .	299
Palatinate of the Rhine .	Ludwigshafen a/R. .	250
Baden, Württemberg . . .		
Bavaria . . . . .	Nürnberg . . . . .	467
Posen (Province) . . . . .	Posen . . . . .	188
Alsace-Lorraine . . . . .	Strassburg . . . . .	451
Total . . . . .		4,399

whilst in 1908 there were . . . 4,340

The co-operative credit societies which had to furnish statistical information were 4,211. 4,154 of them supplied it, that is 99 % as against 97.3 % in 1908. Among the societies which furnished no information, 18 were only founded in 1909, 7 have been dissolved and 5 have withdrawn from the Federation or have been expelled.

The following table shows the date of foundation of the societies included in the statistical return :

*Date of Foundation.*

Federations at	Before 1870	Between 1871 and 1880	Between 1881 and 1890	Between 1891 and 1900	Between 1901 and 1905	in 1906	in 1907	in 1908	in 1909	Total
Berlin . . . . .	„	„	6	206	154	48	26	14	13	467
Brunswick . . . . .	„	„	„	27	75	4	14	29	4	153
Breslau . . . . .	„	„	13	287	111	17	13	9	8	458
Dantzig . . . . .	„	„	5	157	76	8	3	6	2	257
Erfurt . . . . .	„	1	64	274	56	6	9	16	8	434
Frankfort-on-Main . . . . .	„	3	22	118	19	5	4	3	1	175
Cassel . . . . .	„	2	102	199	54	2	8	6	7	380
Coblentz . . . . .	23	40	73	186	45	7	2	3	5	384
Königsberg . . . . .	„	„	3	187	60	13	11	7	10	291
Ludwigshafen . . . . .	„	3	10	188	30	4	3	6	1	245
Nürnberg . . . . .	„	8	87	150	161	22	17	15	4	464
Strassburg . . . . .	„	„	68	258	71	1	7	29	12	446
Total. . . . .	23	57	453	2,237	912	137	117	143	75	4,154

The above table clearly shows that it is only since 1880 that the co-operative credit societies have considerably extended, an extension reaching its culminating point in the period 1891-1900. Even in the five years 1901-1905 the increase in the number of these co-operative societies was still very appreciable, whilst from that date the number has considerably diminished. The formation of co-operative credit societies is oftenest due to-day to the simple fact that, in the most populous localities, the co-operative societies already existing subdivide, thus forming new societies and reducing their own work.

The territory to which the action of the co-operative societies extends is in most cases very limited; this is, as we know, a fundamental principle of the Raiffeisen organisation. In the case of 72 % of the societies under consideration, the number of inhabitants in the localities they serve is 2,000; in 12 % it varies from 2,000 to 3,000; in 9 % from 3,000 to 5,000; in 5 % from 5,000 to 10,000 and in 2 % it exceeds 10,000.

The number of members in each co-operative credit society has gone on constantly increasing in a satisfactory manner. The average which was 101 members in 1908 rose to 104 in 1909. The total number of the members of the 4,154 co-operative credit societies was:

At the end of 1908 . . . . .	415,291
Increase during the year 1909 . . . . .	33,825
Decrease during the same year . . . . .	16,973
Total at the end of 1909 . . . . .	432,143

Among the new members, 2,453 belong to societies founded in the course of the year 1909, so that the societies already existing had an increase of 14,399 members, or 3.5 % of the number in the year 1908.

The following table shows how the increase was divided among the various federations:

Headquarters —	Increase of Members in 1909	Decrease of Members in 1909	Total of Members at the End of 1909	Increase per cent	Average of Members per Society
Berlin . . . . .	2,724	1,063	25,368	5.9	54
Brunswick . . . . .	234	185	7,007	3.7	46
Breslau . . . . .	3,858	1,621	44,542	4.7	97
Dantzic . . . . .	2,566	1,578	25,571	3.9	99
Erfurt . . . . .	2,505	1,232	37,328	2.9	86
Frankfort on M. . . . .	707	599	15,190	0.6	86
Cassel . . . . .	3,188	1,434	47,920	2.9	126
Coblentz . . . . .	3,755	2,009	55,857	2.9	145
Königsberg . . . . .	5,467	2,803	51,053	5.0	175
Ludwigshafen . . . . .	1,558	1,111	31,832	1.2	130
Nürnberg . . . . .	2,789	1,263	37,845	3.8	82
Strassburg . . . . .	4,174	2,075	52,630	3.2	118

The general average of 104 members per society was exceeded in the case of 5 societies, while 7 societies had less. The largest increases, 5.9 and 5 %, were at Berlin and Königsberg, and the smallest, 0.6 and 1.2, at Frankfort and Ludwigshafen, respectively.

§ 2. *Total Business Done.*

The total business done by the 4,154 co-operative credit societies in 1909 amounted to 1.2 milliards of marks, that is to say to 289,163 marks per society and 2,780 mks per member. In the year 1909 all the federations had an increase, while in 1908 a decrease might be observed in the case of certain societies.

The following data will show the absolute and average figures for the total business done in 1908 and 1909 :

Headquarters	Total in 1909	Average per Society		Average per Member	
		1909	1908	1909	1908
Berlin . . . . .	102,980,579	220,515	199,555	4,059	3,802
Brunswick . . . .	47,954,636	313,429	288,194	6,844	6,359
Breslau . . . . .	105,793,397	230,990	209,290	2,375	2,213
Dantzic . . . . .	140,116,787	545,202	487,877	5,480	5,071
Erfurt . . . . .	109,196,645	251,605	223,544	2,925	2,635
Frankfort on M.	21,152,908	120,874	116,891	1,393	1,360
Cassel . . . . .	92,774,344	243,502	223,414	1,936	1,811
Coblentz . . . . .	163,466,484	425,694	397,089	2,927	2,816
Königsberg . . .	149,240,615	512,854	455,525	2,923	2,649
Ludwigshafen .	63,258,742	259,257	236,347	1,987	1,824
Nürnberg . . .	103,901,267	223,925	198,299	2,745	2,515
Strassburg . . . .	101,345,850	227,233	207,806	1,926	1,764
Total . . .	1,201,182,254 <sup>(a)</sup>	289,163	259,131	2,780	2,574

4 federations show a number of societies below the average and 6 a number of members below the average. There are notable differences between the highest and lowest average figures shown by the federations.

Thus, the averages at Dantzic and Brunswick which rank first are about 5 times the averages of Frankfort which are the lowest.

(a) The Corresponding figure for 1908 was Mks. 1,094,311,406.



With the increase of the averages there also corresponds a decrease in the number of co-operative societies doing a very small amount of business.

The societies, with the circulation of their bills, etc., limited to 150,000 marks, have decreased, whilst those with a circulation in excess of this amount have increased. In 1908, 111 co-operative societies, or 2.6 % did a total business of more than 1 million marks. In 1909 the number of such societies was 146, or 3.6 %. The highest figures for the total business done by one society were in 1908 7,833,000 marks and in 1909 11,634,000 marks.

Classifying these figures in different groups we obtain the following table :

*Total Business Done.*

Headquarters	Under 50,000 mks	Between 50,000 and 100,000	Between 100,000 and 200,000	Between 200,000 and 300,000	Between 300,000 and 500,000	Between 500,000 and 1,000,000	Above 1 million
Berlin . . . . .	86	96	123	58	62	30	12
Brunswick . . .	6	14	42	28	38	23	2
Breslau . . . . .	38	81	141	85	70	39	4
Dantzig . . . . .	8	25	46	31	58	58	31
Erfurt . . . . .	23	71	144	83	69	35	9
Franfort on M.	50	49	47	16	9	4	—
Cassel . . . . .	13	56	130	77	75	26	4
Coblentz . . . . .	17	38	86	69	77	63	34
Königsberg . . .	24	30	55	44	46	60	32
Ludwigshafen .	23	46	84	29	33	22	7
Nürnberg . . .	37	83	154	85	68	33	4
Strassburg . . .	75	93	139	57	43	32	7
Total . . .	400	682	1,191	662	648	425	146

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Per cent 1909 .	9.6%	16.4%	28.7%	15.9%	16.6%	10.3%	3.5%
Id. 1908 .	10.7%	18.7%	29.4%	15.7%	14.1%	8.8%	2.5%

The most frequent case then is that of an amount of business varying between 100,000 and 200,000 marks. There are no less than 1,191 co-operative credit societies, or 28.7 % belonging to this class. The other classes divide the remaining business with little appreciable differences, since the relative proportions vary between 10 and 16 %, up to the class doing the largest business, that is more than a million, including 3.5 % of the total number of the societies.

It is well to draw the reader's attention to the fact that the class best provided with capital is represented, in three federations, by a number of more than thirty co-operative societies in each case. Two of them, the federations of Dantzig and Königsberg, belong to the districts of North East Germany, where large estates predominate, the third, that of Coblenz, is composed of societies of very old foundation. We have seen that in this federation, 23 societies were founded before 1870 and it will be understood what considerable progress they have made in so many years of their existence.

### § 3. *Savings Deposits.*

The savings deposits business from which more than from anything else the credit co-operative societies must derive the means they require for the performance of their task, has considerably increased during the year 1909.

The 4,154 co-operative societies show the following savings business

Deposits . . . . .	Marks	177,093,454
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Withdrawals . . . . .	„	125,797,747
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Difference . . .	Marks	51,295,707
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With this excess, the total savings deposits amounted at the end of 1909 to 498,378,719 marks.

The average per society was 119,976 marks, whilst it was 107,052 at the end of 1908 and 95,088 at the end of 1907. The average per member was 1,153 marks at the end of 1908 and 961 at the end of 1907.

In the course of the year 1909 about 109,000 new savings bank books were issued. The business done in this connection was distributed over the different regions as follows:

Headquarters	Deposited in 1909	Withdrawn in 1909	Total Savings Deposits at End of 1909	Average Amount of Savings Deposits per Co-operative Society	Average Amount of Savings Deposits per Member
Berlin . . . .	13,189,588.59	7,876,595.64	33,590,466.39	71,288	1,324
Brunswick .	4,629,635.75	2,753,417.04	10,397,103.37	67,955	1,484
Breslau . . .	16,037,503.01	11,056,317.66	46,510,099.01	101,550	1,044
Dantzic . . .	17,967,992.70	13,768,745.14	33,238,367.47	129,332	1,300
Erfurt . . . .	13,108,878.98	9,119,463.32	38,285,625.29	88,216	1,026
Frankfort .	2,768,705.33	2,384,574.60	12,580,310.02	71,887	828
Cassel . . . .	13,540,574.88	8,987,987.40	51,180,775.82	134,343	1,068
Coblentz . .	22,427,326.26	18,138,061.26	76,031,753.78	197,999	1,361
Königsberg	23,652,156.89	17,532,066.49	43,633,059.88	149,942	855
Ludwigs- hafen . . . .	8,639,027.39	6,959,089.21	28,799,765.86	118,032	905
Nürnberg	19,886,480.66	12,695,975.91	57,431,512.86	123,775	1,518
Strassburg.	21,245,583.71	14,535,453.61	66,695,880.17	149,542	1,867
Total 1909	177,093,454.16	125,807,747.28	498,378,719.92	119,976	1,153
Id. 1908	167,297,964.89	115,188,473.71	452,081,949.76	107,052	1,064

The above table shows great differences between the federations of the various regions. The average per co-operative savings society varies between 67,955 marks (Brunswick) and 197,999 marks (Coblentz). Frankfort shows the lowest average of deposits per member, 828 marks and Nürnberg the highest, 1,518 marks.

If we classify the amounts of savings deposits with the societies in groups as we did in the case of the total business, we get the following table:

Headquarters	Up to 20,000	Between 20,000 and 50,000	Between 50,000 and 100,000	Between 100,000 and 200,000	Between 200,000 and 300,000	Between 300,000 and 500,000	Between 500,000 and 1 million	Above 1 million
Berlin .....	141	127	95	66	22	9	2	2
Brunswick .....	31	42	48	25	5	1	..	..
Breslau .....	65	115	121	99	24	20	10	..
Dantzig .....	41	45	67	61	17	16	8	1
Erfurt .....	75	115	115	83	34	7	3	..
Frankfort .....	44	47	44	28	7	2	2	..
Cassel .....	30	59	111	105	47	20	9	..
Coblentz .....	15	48	82	116	45	36	24	7
Königsberg .....	44	50	54	74	30	23	12	2
Ludwigshafen .....	24	60	62	60	19	15	4	..
Nürnberg .....	45	81	127	117	59	27	8	..
Strassburg .....	70	73	111	103	40	31	12	5
Total ...	635	862	1,037	937	349	207	94	17
Per cent in 1909 .....	15%	20.8%	25%	22.5%	3.4%	5%	2.7%	
Per cent in 1908 .....	18.4%	22.7%	24.2%	20.9%	6.8%	5%	2.7%	

The amounts of savings deposits under 50,000 marks have then decreased by 5.3 % relatively to the year 1908 and the deposits in excess of 50,000 marks have at the same time increased. In 1908, there were 100 societies with total deposits of over 500,000 marks, whilst in 1909 there were only 11. The highest figures attained by the savings deposits vary between 3 and 3½ millions.

*Rate of Interest on Savings Deposits.* — The rate of interest paid on savings deposits varies according to the region from 3 to 5 %.

The co-operative societies paid :

	1909	1908
Up to 3½ % .....	46.5%	30.8%
From 3½ to 3¾ % .....	21.6%	20.5%
„ 3¾ to 4 % .....	25.0%	32.9%
„ 4 to 4½ % .....	6.2%	12.6%
above 4½ % .....	0.7%	3.2%

The rate has then considerably decreased since 1908.

The figures indicating the number of co-operative societies which have given the various rates of interest, may be distributed as follows, according to the headquarters of the federations.

Headquarters	From 3 to 3 ½ %	3 ½ to 3 ¾	3 ¾ to 4 %	4 % to 4 ½	above 4 ½ %
Berlin .....	278	85	88	14	1
Brunswick .....	112	30	9	..	..
Breslau .....	232	82	114	7	..
Dantzig .....	15	18	110	100	14
Erfurt .....	237	143	50	2	..
Frankfort .....	90	56	26	2	..
Cassel .....	154	106	114	7	..
Coblentz .....	106	101	156	15	..
Königsberg .....	15	31	135	97	12
Ludwigshafen .....	52	54	122	13	..
Nürnberg .....	245	121	87	..	..
Strassburg .....	359	65	21	..	..
Total .....	1,915	892	1,032	257	27
Per cent in 1909 .....	46.5%	22.6%	25.0%	6.2%	0.7%
Per cent in 1908 .....	30.8%	20.5%	32.9%	12.6%	3.2%

The preceding sketch clearly shows that the rate of interest on savings deposits is higher in East than in West Germany. The federations of the North-East district of Germany where large farmers prevail, have only a few co-operative societies, that can satisfy their depositors with a rate of 3 or 4 %. 40 % of the co-operative credit societies of the Federation of Dantzig and 30 % of that of Königsberg were obliged to pay a rate of over 4 %. On the contrary, the West German Federations of Erfurt, Cassel, Nürnberg and above all Strassburg in Alsace, were able in most cases to limit themselves to giving an interest of 3 or 3 ½ %.

§ 4. *Loans.*

The amount of loans granted during the year 1909 by the 4,154 co-operative societies was 90,888,363 marks, or 76 millions more than in 1908. The members' demands for credit increase more and more each year.

We can give the following data as to the terms for which the loans were granted :

*Loans for 1 year*

1909	16,401 loans	11,738,201 marks
1908	17,477 „	12,120,569 „

*For more than 1 year*

1909	70,415 „	71,077,342 marks
1908	66,836 „	62,727,081

with Capital and Interest extinguishable at one date.

1909	4,687 loans	6,845,392 marks
1908	4,657 „	6,914,243 „

The short term credits then have diminished a little whilst there has been an increase of about 14 % in the loans for somewhat longer periods.

The loans granted are guaranteed either :

*by a Surety* : in the case of 65,804 loans for an amount of 48,893,850 marks (in 1908 : 67,135 loans for 49,681,303 Mks).

*on Mortgage :*

in 1909 : 21,212 loans : amount	35,176,262 marks
in 1908 : 18,326 „ „	27,272,820 „

*on Deposit of Documents of Title, Valuables, etc. ;*

in 1909 : 2,230 loans : amount	4,992,931 „
in 1908 : 3,509 „ „	4,807,770 „

The method still appreciably predominating is that of simple guarantee by a surety. Yet the use of guarantee on mortgage is continually increasing. Yet this represents no fundamental change in the system of granting loans, as even for requests for loans guaranteed by an entry in the cadastral register repayment of capital is generally exacted at a date fixed in advance.

In the case of 91 million marks lent, repayments have been made to the amount of 60,466,709 marks, representing a proportion of 67 % of the loans granted in the course of the year. The proportion was 69 % in 1908.

The total amount of loans granted amounted at the end of 1909 to 359,182,042 marks in 367,280 accounts.

The loans granted and repaid in the course of the year as well as the total amount of loans current at the end of the year, are indicated in the following table :

Federations	Loans Granted	Repayments of Loans	Percentage of Repayments of Loans Granted		Total Loans in Course at the End of 1909
			1909	1908	
Berlin .....	5,655,441	3,337,014	59	62	21,130,584
Brunswick .....	872,881	312,697	36	69	13,322,782
Breslau .....	8,778,199	4,709,171	54	64	33,742,656
Dantzic .....	8,138,841	6,318,782	78	87	23,114,054
Erfurt .....	6,274,484	3,396,457	54	60	26,528,058
Frankfort .....	1,682,378	1,047,286	62	67	9,454,634
Cassel .....	7,843,032	4,415,928	56	62	38,645,860
Coblentz .....	12,784,050	10,372,956	81	71	57,951,553
Königsberg .....	11,557,495	8,884,648	77	71	33,807,195
Ludwigshafen .....	5,536,046	4,313,503	78	85	23,841,129
Nürnberg .....	10,441,384	6,559,724	63	64	41,100,384
Strassburg .....	11,314,130	6,798,540	60	65	46,543,149
Total in 1909 .....	90,881,361	60,466,706	67	69	359,182,038
Id. in 1908 .....	83,205,314	57,533,681	..	..	333,085,104

On an average, then, the total amount repaid has been 2 % less than in 1908. The differences in the case of the various federations have of course been much greater, sometimes even considerable, as at Brunswick 36 % in 1909 and 69 % in 1908. In this special case the apparent anomaly is explained by the very considerable increase in last years' current account operations. There was an increase in the repayments as compared with the previous year only in two federations, at Königsberg of about 6 % and at Coblentz 10 %. We must also bear in mind another cause for the apparent

decrease in the proportion of repayments, namely, that sometimes rather large loans have been granted shortly before the end of the year, so that the first repayments are not made in the same year.

And now, let us again consider the amount of the loans granted, showing so well the great economic importance of the rural banks.

The loan accounts at the end of 1909 were divided as follows according to the amount of the loans granted :

	Number of Accounts		Percentage of Total Number of Accounts	
	1909	1908	1909	1908
Up to 100 Mks. . .	63,069	62,685	17.17	17.49
100 to 300 Mks. .	101,878	102,867	27.74	28.70
300 to 500 " .	57,756	56,726	15.73	15.82
500 to 1,000 " .	61,005	58,807	16.61	16.40
1,000 to 2,000 " .	42,731	40,417	11.63	11.27
2,000 to 5,000 " .	30,302	27,459	8.25	7.66
Over 5,000 Mks. .	10,539	9,541	2.87	2.66

The small loans up to 1,000 marks represented 77.25 % of the total number of accounts. The medium loans for between 1,000 and 5,000 marks formed 19.88 %, of which more than the half, 11.63 % belonged to the largest class of loans exceeding 5,000 marks.

Generally, the rate of interest on loans in 1909 was a little less than in 1908. This is explained by the general greater abundance of money, in 1909, when the last effects of the financial scarcity of 1907 and 1908 had ceased to be observable.

The following rates of interest were asked on loans :

up to 4 %	in 18.9 % (1909) and 14.3 % (1908) of the co-op. societies
from 4 to 4½ %	in 44.0 % " " 37.7 % " " " " "
from 4½ to 5 %	in 32.1 % " " 34.0 % " " " " "
from 5 to 5½ %	in 3.8 % " " 8.8 % " " " " "
from 5½ to 6 %	in 1.2 % " " 4.8 % " " " " "
above 6 %	0.4 % " " " " "

The lower rates of interest are increasingly charged, those a little higher less often, and rates above 6 % completely disappeared in 1909.



The lowest rate of interest (3 %) is found in the Brunswick federation; that of 6 % is only found in two instances in the Königsberg and Coblentz federations.

We indicate below the rates of interest for the districts of the various federations according to the class of operations :

	Loans Guaranteed by a Surety — Rate		Loans on Mortgage — Rate		Repurchase (*) Amounts — Rate	
	minimum	maximum	minimum	maximum	minimum	maximum
Berlin . . . .	3.9 %	6 %	3 ½ %	5 ½ %	4 %	5 ½ %
Brunswick . .	3 ¾ »	5 ½ »	4 »	5 »	3 »	5 »
Breslau . . . .	3 ½ »	6 »	3 ½ »	6 »	4 »	5 ½ »
Dantzig . . . .	4 ½ »	6 »	4 ½ »	6 »	4 ½ »	5 ½ »
Erfurt . . . . .	3 ¾ »	5 ½ »	3 ¾ »	5 ½ »	3 ¾ »	5 ½ »
Frankfort . . .	4 »	5 ½ »	4 »	5 ½ »	4 »	5 ½ »
Cassel . . . . .	3 ¾ »	5 ¼ »	5 ¾ »	5 ¼ »	3 ¾ »	5 ¼ »
Coblentz . . . .	3 ¾ »	6 ½ »	3 ¾ »	6 ½ »	4 »	5 ½ »
Königsberg . .	4 ½ »	6 ½ »	4 ½ »	6 »	4 ½ »	6 »
Ludwigshafen .	4 »	5 ½ »	4 »	5 ½ »	4 ¼ »	5 ½ »
Nürnberg . . .	3 ¾ »	5 ¼ »	3 ¾ »	5 ¼ »	3 ¾ »	5 »
Strassburg . . .	3 ½ »	5 »	3 ¾ »	5 »	3 ¾ »	5 »
General. \ 1909	3 ½ %	6 ½ %	3 ½ %	6 ½ %	3 %	6 %
Rates . / 1908	3 ½ »	6 ¼ »	3 ½ »	6 ½ »	3 ½ »	7 »

(\*) By Repurchase Amounts are meant the amounts due to the Co-operative Society by purchasers of each share, when, in case of division of inheritance or for sale of a farm, the society pays the seller the whole purchase price, whilst it grants the buyer some years' (oftenest 5 or 6) delay of payment.

### § 5. Current Accounts

The number of members who have opened current accounts with the rural banks increased in 1909 from 54,533 to 58,662. This current account

business has increased by about 26 millions of marks. It amounted in 1909 to 210,162,260 marks, namely :

Deposits : 102,375,113 marks (in 1908 : 91,025,278) ;

Withdrawals: 107,787,147 marks (in 1908 : 93,938,248).

The proportion of the deposits to the withdrawals varied between 87 % (Breslau Federation) and 104 % (Frankfort Federation). On an average the deposits in 1909 amounted to 95 % of the withdrawals, as against 98 % in 1908.

There are great differences to be observed in this connection between the various federations as may be seen from the following table :

Federations	Number of Members who have done Current Account Business	Deposits	Withdrawals	% of Deposits to Withdrawals		Credit Balance at End of the Year		Debit Balance at End of the Year	
				1909	1908	Number of Accounts	Amount	Number of Accounts	Amount
		Marks	Marks				Marks		Marks
Berlin . . . . .	6,851	9,955,395	10,340,941	96	99	3,630	2,246,695	2,980	5,786,172
Brunswick . . . . .	3,811	6,278,217	6,823,500	92	108	1,685	1,600,167	1,965	4,064,839
Breslau . . . . .	4,562	5,901,761	6,771,794	87	93	1,579	1,616,033	2,930	6,307,236
Danzig . . . . .	3,149	12,729,332	13,048,966	98	105	889	2,334,562	2,156	7,087,601
Erfurt . . . . .	6,882	9,179,097	9,283,184	99	99	3,030	2,402,869	3,756	4,777,173
Frankfort. . . . .	1,866	1,445,969	1,396,139	104	111	377	536,279	1,373	2,249,638
Cassel . . . . .	8,002	6,806,302	6,874,856	99	102	2,319	2,166,203	5,683	6,629,665
Coblenz . . . . .	8,008	19,412,916	20,288,260	96	99	2,340	4,666,546	5,447	15,402,784
Königsberg . . . . .	6,607	18,080,983	19,227,733	94	89	1,045	2,120,208	5,512	16,134,864
Ludwigshafen . . . . .	3,475	4,543,471	4,906,272	93	95	1,031	1,611,791	2,566	4,248,954
Nuremberg . . . . .	4,267	5,863,121	6,541,389	90	97	1,210	1,445,786	2,675	5,294,671
Strassburg . . . . .	1,182	2,178,560	2,278,114	96	101	167	402,800	1,008	3,229,287
Total . . . . .	58,662	102,575,114	108,783,148	95	98	19,302	23,149,939	38,151	81,210,724
In 1908 . . . . .	54,533	91,025,278	93,938,249	—	—	17,194	21,075,063	35,876	74,700,543

The percentage of deposits has increased in only one federation, that of Königsberg, by 5 %, whilst in that of Erfurt it has remained at the same level as in 1908, and in all the other federations the deposits have decreased. The amount of deposits exceeds that of withdrawals only in the Federation of Frankfurt, while in 1908 there were five federations in which this was the case.

7 federations exceed the average by 95 % and 5 fall below it. At the closing of the year's accounts the credits were to the debits in the proportion of 1 : 3½. Compared with the previous year the credits have increased 10 % and the debits 9 %, which shows in a very satisfactory way that the system of current accounts is always gaining ground.

The great majority of the co-operative societies give an interest of 3½ % ; 4 % ; 3¾ %, on deposits in current account, whilst they ask an interest of 4½ % ; 5 % ; 4 %, on withdrawals and advances in current account.

#### § 6. *Business Done with the Central Bank.*

The Central Bank for all the Co-operative Credit Societies of the Raiffeisen Organization is the Central Agricultural Loan Bank of Germany (*Landwirtschaftliche Central-Darlehenskasse für Deutschland*), a limited liability society founded in 1876, first with its headquarters at Neuwied and afterwards at Berlin.

In the total business done with this clearing house establishment the deposits of the co-operative credit societies have been far in excess of the applications for credit, although the difference was not so great as in 1908.

The deposits made by the societies exceeded the requests for credit ;

in 1908 by 23,156,188 marks, or 5,483 marks per society

in 1909 by 10,429,630 marks or 2,511 marks per society

The part taken by each federation in this business with the central agricultural loan bank is shown in the following table :

Headquarters	Number of Co-operative Societies	Amount of Deposits with the Central Bank	Amount of Withdrawals from the Central Bank	Difference between Deposits and Withdrawals		
				Total	Average 1909	Average 1909
Berlin . . . . .	467	15,463,368	13,314,548 +	2,148,820 +	4,601 +	4,292
Brunswick . . .	153	6,967,171	6,284,026 +	683,145 +	4,465 +	18,106
Breslau . . . .	458	14,258,159	14,801,368 -	543,209 -	1,186 -	6,715
Dantzig . . . .	257	20,167,771	17,964,172 +	2,203,599 +	8,574 +	16,275
Erfurt . . . . .	434	13,671,828	13,176,899 +	494,929 +	1,140 +	4,940
Frankfort . . .	175	1,812,077	2,138,758 -	326,681 -	1,867 -	735
Cassel . . . . .	381	8,849,044	8,677,046 +	171,998 +	451 +	6,856
Coblentz . . . .	384	18,051,040	17,497,348 +	553,692 +	1,442 +	4,431
Königsberg . .	291	16,621,986	14,841,919 +	1,780,067 +	6,117 +	4,450
Ludwigshafen .	244	6,274,007	6,424,326 -	150,319 -	616 -	1,933
Nürnberg . . .	464	13,244,977	11,369,307 +	1,875,670 +	4,042 +	6,088
Strassburg . . .	446	11,407,518	9,869,599 +	1,537,919 +	3,448 +	5,674
Total in 1909	4,154	146,788,946	136,359,316 +	10,429,630 +	2,511	. .
Id. in 1908	4,223	137,852,806	114,096,620 +	23,156,186 +	5,483	. .

Headquarters	Situation of the Co-operative Societies at the End of the Year		Difference between Credit and Debit					
	Credit	Debit	Total	Average per Co-operative Society				
	Mks	Mks		1909	1908			
Berlin . . . .	8,473,355	3,695,390	+	4,777,965	+	10,231	+	5,619
Brunswick . .	4,115,934	533,425	+	3,582,509	+	23,415	+	19,934
Breslau . . . .	8,262,908	3,432,571	+	3,830,037	+	8,363	+	9,933
Dantzig . . . .	4,993,718	3,796,141	+	897,567	+	3,493	-	4,757
Erfurt . . . .	7,715,960	2,194,600	+	5,521,360	+	12,622	+	11,798
Frankfort . . .	1,420,026	1,893,862	-	473,836	-	2,608	-	630
Cassel . . . . .	6,198,865	2,700,285	+	3,498,580	+	9,183	-	8,799
Coblentz . . . .	10,092,192	2,026,655	+	4,065,537	+	10,587	+	9,995
Königsberg . .	2,562,674	9,223,203	-	6,660,529	-	22,888	-	29,931
Ludwigshafen .	2,355,831	3,964,251	-	1,608,420	-	6,592	-	6,341
Nürnberg . . .	9,507,855	2,534,894	+	6,962,961	+	15,028	+	10,059
Strassburg . .	12,568,172	3,327,148	+	9,241,024	+	20,720	+	17,060
Total 1909 .	77,967,190	44,322,425	+	33,644,765	+	8,099	+	4,596
In 1908 .	66,938,099	47,529,561	+	19,408,538				

It is only in the Königsberg and Berlin Federations that the deposits have become proportionally higher than the withdrawals, whilst in the ten other federations the percentage of deposits has decreased.

The credit of the co-operative societies exceeded the debit in the federations of Berlin, Brunswick, Breslau, Dantzig, Erfurt, Cassel, Coblentz, Nürnberg and Strassburg. On the contrary, the debit exceeded the credit at Frankfurt, Königsberg and Ludwigshafen.

As appears from the preceding table, the credit of the co-operative societies exceeded the debit by about 33,645,000 marks. On an average, each co-operative society had a credit of 8,099 marks with the Central Bank. There has then been a considerable increase on the amount of 4,596 marks of the year 1908.

The Strassburg Federation had the largest surplus credit, an amount far exceeding 9 millions, whilst with respect to the average per co-operative society the Brunswick federation held the first place.

### § 7. *Purchase of Merchandise.*

The purchase of farm requisites has always been one of the branches with which the Raiffeisen Banks have concerned themselves within the limits of their sphere of action. Even in the year 1908, although we have no figures for the 188 co-operative societies of Posen, which have left the organisation, the purchases show an increase of 800,000 marks. On an average for all the co-operative societies the purchase of farm requisites rose in 1909 to 10,696 marks per society against 10,332 in 1908. They bought :

4,774,735 centner (1) of chemical manure for	15,457,583 mks.
2,405,631 " " fodder	" 16,290,077 "
6,909,059 " " coal	" 6,373,964 "
156,416 " " seeds	" 1,683,684 "
Agricultural Machinery and Implements	" 854,123 "
Other farm requisites	" 3,773,101 "

The total amount of purchases was divided as follows among the various co-operative federations :

Headquarters —	Amount of Purchases Mks	Average per Society Mks
Berlin .....	4,001,751	8,569
Brunswick .....	2,774,994	18,137
Breslau .....	5,478,199	11,961
Dantzic .....	5,469,479	21,282
Erfurt .....	6,533,429	15,054
Frankfort .....	1,366,381	7,808
Cassel .....	5,144,121	13,502
Coblentz .....	3,664,756	9,544
Königsberg .....	1,845,918	6,343
Ludwigshafen .....	3,442,062	14,107
Nürnberg .....	1,732,394	3,734
Strassburg .....	2,979,046	6,679

The centner is equal to 50 Kg.

The average amount of purchases varies between 3,734 marks (Nürnberg) and 21,282 mks (Dantzig). Generally, it may be said that the amount of purchases is higher in East than in West Germany. Large country estates predominate in the East; in the West, on the contrary, property is much more cut up, and hence these differences.

#### § 8. Profits and Losses.

The balance sheets of the 4,154 co-operative credit societies at the end of 1909 show a net profit of 1,895,893 mks. The average profit per society is 456.40 marks as against 468.53 in the previous year. 3,710 co-operative societies show a profit and 427 a loss.

The losses may be classified as follows :

up to between	100 mks 100 and	losses in 300 mks losses in	221 societies 102 "
"	300 "	500 " " "	30 "
"	500 "	750 " " "	11 "
"	750 "	1,000 " " "	6 "
"	1,000 "	2,000 " " "	18 "
above	2,000	" " "	39 "

The causes of the losses are various. It often happens that, in the first years of their existence, the co-operative credit societies suffer losses, because they have not yet won the confidence of their public.

The largest number of societies having losses of under 100 marks proves that these are recent societies. From time to time there may occur losses due to loss in the loan business. But the number of these is insignificant and the heaviest losses, considering as such those that exceed 2,000 mks, do not affect even 1 % of the societies.

The profits vary much, from less than 100 marks to more than 25,000.

We shall show them in the following table :

Profits up to between	100 marks 100 and	300 marks	1909	1908	co-op. societies
"	300 "	500 "	554	598	" "
"	500 "	1,000 "	1,030	995	" "
"	1,000 "	2,000 "	675	706	" "
"	2,000 "	3,000 "	808	805	" "
"	3,000 "	5,000 "	452	453	" "
"	5,000 "	10,000 "	105	115	" "
"	10,000 "	20,000 "	57	59	" "
"	20,000 "	25,000 "	18	29	" "
"	25,000 "		10	4	" "
"			1	1	" "

3,710 3,765 co-op. societies



More than 75 % of the co-operative credit societies have made profits of not more than 1,000 marks ; 11 % of between 1,000 and 2,000 marks ; and only about 5 % realised profits above that amount,

As we have already shown in detail in the article on " Rural Banks," Bulletin N° 3, page 24 et seqq., the agricultural co-operative credit societies are in fact not instituted with the object of realising profits ; which sufficiently explains why large profits are so exceptional.

### § 9. General View of the Balance Sheets.

#### Assets.

	Marks
Cash in Hand at End of the Year . . . . .	19,036,208.07
Pfennigsparkasse (1) . . . . .	1,293.50
Loans and Repurchase amount, Legal Expenses	359,182,044.12
Current Accounts with the Central Agricultural	
Loan Bank of Germany.	
1. Share account. . . . .	7,937,670. »
2. Bank account . . . . .	77,967,189.40
3. Goods account . . . . .	212,375.71
Credits in current account with members . . .	81,210,725.27
" " " " " other persons . . .	8,078,274.92
Cheques . . . . .	251,203.82
Real estate . . . . .	5,195,285.08
Moveables . . . . .	2,137,905.39
Securities, documents, valuables . . . . .	4,091,177.13
Share in co-operative undertakings . . . . .	1,056,212.79
Credit for goods supplied . . . . .	18,417,224.65
Value of goods in stock . . . . .	1,553,497.36
Amounts for supply of produce . . . . .	774,480.86
Various amounts to be collected (interest, com- mission, etc). . . . .	7,443,592.67
Loss in previous balance sheet . . . . .	1,396,438.09
Total assets . . .	595,943,497.13

(1) Special Savings bank books for stamps for fractions of a mark, thus allowing of the saving of a few centimes at a time.

*Liabilities.*

Bank advances . . . . .	55,938.03
Savings bank stamps not yet registered . . . .	1,317.40
Capital . . . . .	3,784,838.29
Savings deposits . . . . .	492,890,272.97
Deposits . . . . .	5,488,446.95
Current account with the Central Agricultural Loan Bank of Germany.	
1. Bank account . . . . .	44,322,422.88
2. Goods account . . . . .	1,736,257.74
3. Printing account . . . . .	22,500. »
Members' credit in current account . . . . .	23,449,941.29
Non members' „ „ „ „ . . . . .	5,245,410.71
Cheques . . . . .	19,604.95
Various costs to be paid (interest, working expenses) . . . . .	456,592.03
Endowment Fund according to previous balance sheet . . . . .	9,558,399.99
Reserve Fund according to previous balance sheet . . . . .	6,394,162.46
Other Funds according to previous balances sheet . . . . .	921,498.63
<hr/>	
Total Liabilities . . .	594,047,604.30
Total Assets . . . . .	595,943,497.13
Total Liabilities . . . . .	594,047,604.30
<hr/>	
Net Profit . . .	1,895,892.83
Profits in 1909 . . . . .	2,412,878.83
Losses in 1909 . . . . .	516,986. »
<hr/>	
Net Profit . . .	1,895,892.83

A glance at the figures of the balance sheet clearly show that the Raiffeisen Loan and Savings Banks justly deserve their title. They attract the savings of their district and invest them in loans to members guaranteed

by sureties, in some cases even guaranteed on mortgage. Almost 493 million marks have been collected as savings deposits in these co-operative societies, often in very small sums, as "Pfennigsparkasse"; and by means of this money more than 359 millions have been granted as loans and credits on mortgage. 18 millions have been used for the current accounts, 18½ for the supply of goods, and 78 were deposited in the Central Bank to satisfy eventual daily requirements of depositors.

The Raiffeisen Banks constitute about 25 % of all the agricultural credit co-operative societies of Germany. They all work on the basis of the fundamental rules laid down by their founder "Raiffeisen," and it is mainly to these rules that they owe their success, which has brilliantly realised the hopes formed for it. These banks unite 30 % of all the monetary value represented by more than 16,000 agricultural co-operative credit societies existing in Germany (See also our Bulletin, N° 3, 1911. pages 14 to 19).

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## II. RECENT NEWS.

### Work of the Federations and Central Institutions of the Co-operative Societies.

#### I. AGRICULTURAL CO-OPERATION.

1. — **The Federation of the Agricultural Co-operative Societies of Hanover.** — This Federation held its congress at Hanover on the 12th. July. Let us note the following points in the Report of the Manager of the Federation, Agronomic Councillor Johannsen.

The Federation made new progress in the past year. It founded 73 co-operative societies, 14 loan and deposit banks, 9 dairies, 6 agricultural societies for collective purchase and 44 other societies.

On the 31st. December, 1910, there were in the Federation :

3 central co-operative societies,  
460 rural banks,  
316 dairies,  
187 societies for collective purchase,  
373 miscellaneous societies,

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Total. 1,339 co-operative societies.

Among the miscellaneous co-operative societies there are 108 societies for employment of electric energy, 8 co-operative works for production of electric energy, 72 societies for the sale of cattle, 29 irrigation consortiums, 33 societies for the employment of agricultural machinery, 62 for poultry breeding and the sale of eggs, 6 for the utilisation of fruit, 3 jam factories, 4 pasturage societies, 2 for the sale of vegetables, 3 for land reclamation, 2 for the manufacture of bricks, 2 for potato desiccation, 3 building societies and 17 others, the various objects of which it is not possible to specify.

The rural banks give a satisfactory impression as regards their work; the business they do is perhaps more important than might be expected.

Rural business was done up to the amount of .		50,000 marks by		17 banks
For between . . . . .	50,000 and	150,000	„	92 „
„ „	150,000 „	250,000	„	73 „
„ „	250,000 „	500,000	„	122 „
„ „	500,000 „	1,000,000	„	86 „
„ „	1 and 2 millions marks		„	43 „
„ „	2 and 3	„ „	„	7 „
„ „	3 and 5	„ „	„	6 „
„ „	5 and 10	„ „	„	9 „
„	above 10 millions		„	1 bank

At the same time the business done by the Central Agricultural Co-operative Society of Hanover also increased up to 340 millions. The purchase business done by the collective purchase societies also produces a good impression. The amount of goods sold to members was as follows:

Up to 10,000 marks by		29 societies	
Between 10,000 and	50,000 marks by	97	„
„ 50,000 „	100,000 „	25	„
„ 100,000 „	200,000 „	15	„
„ 200,000 „	500,000 „	3	„
above 500,000	„ „	2	„

The chief Hanoverian co-operative society for purchase of farm requisites showed sales for 15.75 million marks, and the Central Co-operative Society of the Osnabrück agricultural distributive co-operative societies, sales for 2 million marks.

The co-operative dairies also showed a considerable increase in the quantity of milk treated.

An annual quantity of less than 300,000 litres was shown by 43 dairies			
„ „	between 300,000 and 500,000 litres	29	„
„ „	1,500 thousand and 2,000 li- tres . . . . .	47	„
„ „	2,000 thousand and 3,000 li- tres . . . . .	52	„
„ „	over 3,000 thousand . . . . .	39	„

\*  
\* \*

2. — The Provincial Federation of the Silesian Agricultural Co-operative Societies. — This society publishes the following figures as to the work done in 1910 by its adhering rural banks :

	at the end of 1910	at the end of 1909
Number of Banks . . . . .	738	722
Number of Members of Banks . . . .	56,438	54,027
Total Business Done . . . . .	197,419,091	180,886,993
Members' Deposits . . . . .	21,162,009	18,772,495
Savings Deposits . . . . .	47,433,364	41,704,900
Members' Debit Current Account . .	56,982,674	52,665,655
Debit of the Co-operative Societies at the Breslau Central Bank . . .	12,758,488	13,055,124
Credit of the Co-operative Societies at the Breslau Central Bank . . .	18,218,392	15,229,514
Capital belonging to the Society . .	3,313,683	2,929,502
Net Profits . . . . .	471,062	442,738
Total Assets . . . . .	85,186,194	76,995,961
Total Liabilities . . . . .	84,725,282	76,566,292

All these figures show new progress.

## II NON-AGRICULTURAL CO-OPERATION.

Yearbook of the General Federation of Schulze-Delitzsch Co-operative Societies for 1910 (*Allgemeiner Verband der auf Selbsthilfe beruhenden Erwerbs- und Wirtschaftsgenossenschaften e. V.*). This Yearbook contains highly interesting data on the co-operative movement in Germany. We shall here only briefly reproduce a few.

The total number of German societies subject to the law of 1889 on co-operative societies was estimated at 30,555 at the end of 1910 ; there was an increase of 1,058 societies, as compared with the previous years. The total number of members is about  $4\frac{1}{2}$  millions. Of these societies about 1,500 with 920,466 members belonged to the General Federation ; whilst the number of the societies belonging to it is the twentieth of the total societies, the number of members enrolled in them is a fifth of the total members.

The proportion of the commercial business done by these societies is no different. Estimating at 22.75 milliards the total business done by all the societies of the Empire, with regard to credit operations, articles

of consumption, dwellings, farm requisites, etc., and at 640 million marks the capital belonging to the societies, the societies of the General Federation, that is to say, the Schulze-Delitzsch Unions do a business of about 13 milliards and have capital of their own amounting to 334½ millions, besides 1,268 millions of borrowed capital. The first rank among the German co-operative societies is held by the credit societies, 17,493 in number. Then come 3,745 Agricultural Societies for production, 2,311 distributive societies, 2,064 agricultural societies for purchase of farm requisites and 1,056 building societies. The industrial co-operative societies are still fewer in number : 394 societies for purchase of raw material, 128 for storing goods, 415 for production and 766 for labour.

These figures show once more how much more agriculture has profited by the advantages of co-operative purchase than industry or, more precisely, than the industrial middle class. With regard to their legal form, 19,639 societies, that is, 64.3 % are of unlimited liability, 10,751, or 35.2 % of limited liability and 165 or .5 % of unlimited liability to payment of calls. Comparing these figures with those for the preceding years we see that the number of unlimited liability societies is decreasing and the number of limited liability societies increasing.

Absolutely new information is given in this yearbook on the taxation of the societies in the various States.

The co-operative credit societies pay an average tax of

3.5 %	on profits in Prussia ;
11.6 %	„ „ „ Bavaria ;
6 %	„ „ „ Saxony ;
9.5 %	„ „ „ Württemberg ;
11.7 %	„ „ „ the Grand Duchy of Baden ;
8 %	„ „ „ „ „ „ „ Hesse.

The co-operative distributive societies pay

In Prussia ,	13.3 %
„ Bavaria ,	14.0 %
„ Saxony ,	7.0 %
„ the Grand Duchy of Baden	8 %
„ Brunswick ,	8.4 %

For the co-operative building societies of Prussia, it is calculated that the taxes amounted to between .5 and 25.5 % of the net profit. This includes both State and municipal taxes and contributions to churches and schools.

The yearbook also gives full information on the most important laws of last year and especially the law on the organization of the insurance societies of the Empire.

Of course statistical tables have the most important place. The total working capital, including the capital proper, and that borrowed, amounted to 1,455,532,355 marks, of which 310,517,667 marks was the property of the societies. This property was to the borrowed funds in the proportion of 27.12 : 100. At the end of 1910, 39,916,709 marks represented commercial bills. 792,916 bills of exchange, for an amount, in round numbers of 300 millions were received at the collecting consortium founded to facilitate recovery of such bills.

On the contrary the cheque business has greatly decreased, certainly in consequence of the introduction of the stamp on cheques. The number of cheque book accounts decreased from 51,791 in 1909 to 40,613 in 1910. Transfer of accounts was represented by about 200 millions in the case of 101 credit co-operative societies. The co-operative distributive societies increased by 41 ; 17 have failed. 271 co-operative distributive societies which furnished returns showed 70 millions of sales with a net profit of 71 million marks.

Out of the net profit more than 170,000 marks dividends were paid and more than 6 millions premiums as percentage of capital. Besides 808,748 marks discount was given and 120,536 marks paid by 111 societies for purposes of popular education and public utility. There were two cases of failure among the co-operative building societies. Their number increased from 963 to 1,056 ; they had 16½ millions capital of their own and 20 millions borrowed capital.

## 2. Miscellaneous Information.

**Co-operative Societies for Motor Transport.** — In No. 15 of the *Deutsche landwirtschaftliche Genossenschaftspresse*, the results obtained by some societies for motor transport are given ; we reproduce the following notes from this important report.

With the gradual advance made in the adaptation of motor cars to rapid transport of passengers and goods, it has been attempted in several regions of Germany to make up for the deficiencies of the existing railway system, by starting large motor omnibuses.

At the beginning the initiative in such undertakings was due to private persons or communal consortiums, and the results were not such as to invite speedy imitation.



Generally the mode of construction of the cars, in many instances not answering the required conditions either as to material or strength, militated against the success of the undertakings. Generally the motive force was not strong enough and the machinery insufficient, and occasioned numerous unintentional stoppages en route, prevented the cars coming up to time and brought the whole enterprise into discredit.

The continual improvements introduced into the technique of motor cars permitted of these defects being got rid of, and the safety of the lines has so greatly increased that they are more and more recognised as an excellent means of communication.

Then companies and co-operative societies were formed. It will be interesting to have some exact information on the development of the organisation of these companies and societies.

The best results up to the present have been obtained by the Motor Car Society (*Motorwagengesellschaft*) of St. Blasien (Black Forest), which began work in 1906.

In the season of the summer villegiatura, in a very difficult country, where the gradients are 8 in 100, a regular passenger and goods service is maintained between St. Blasien-Titisee and St. Blasien-Waldshut, and in the height of the travelling season assumes considerable importance.

The traffic employs 5 passenger cars and one goods car. On account of the steep gradients, very lightly built cars have been selected, due regard being had to strength and durability.

The passenger cars have an average weight of 1,700 kg. each; the goods car weighs 2,200 kgs.

All the cars are furnished with 4 cylindrical motors of 32.38 H. P. permitting a maximum speed of 40 kms the hour for the passenger cars and from 25 to 30 kms. the hour for the goods cars. The passenger cars carry 11 persons including the chauffeur. The fare is 5 marks per person for the course St. Blasien-Titisee and the same for the course St. Blasien-Waldshut.

Luggage up to 5 kgs is carried free and placed on the roof: every additional kg. is charged 5 pf.: the charge for bicycles is 1 mark. Personal luggage carried by the goods car is charged 4 pf. the kg., and other goods pay 2 pf. the kg.

The post which uses this line twice a day, pays 300 marks per month.

The staff consists of the manager of the business, 6 chauffeurs with monthly salary of 120 marks, and two employees as cleaners, a chauffeur for the goods car, a station marster at Titisee and another at St. Blasien.

In 1907 the receipts were 69,887 mks. and the expenditure 65,228 marks, including 30 % towards extinction of the debt on the cars, so that there remains a net profit of 4,599 mks.

The cost price of the 6 cars was in round figures 77,000 marks, against an initial capital of 75,000 marks. The receipts averaged per passenger

per kilometre, 14.2 pf. per car and 88 pf. per km. for the passenger service, 0.72 per car per km. for the goods service.

In the expenses, 81.5 per car per km., were included 7.5 pf. for benzine, 12.6 pf. for the pneumatic tyres and 2.64 pf. for oil and grease.

We have also data relative to the " Limited Liability Machine Traction Transport Society for the Meinhardt Forest " at Meinhardt.

This society has 5 passenger cars ; in 1909 the total receipts per car per km. were 49.81 pf., the expenditure 46.81 pf.

In 1909, 42,319 marks were paid off on the 3 older cars, or 20 % of the purchase price, 11,776 marks on the 2 other cars, corresponding to 15 and 5 %.

The initial capital of the society was 35,000 marks at the end of 1909. Passengers fares brought in 23,538.40 marks and the post paid 10,046.73 marks for use of the line.

The total working expenses, including interest, amounted in 1909 to 21,580.58 marks ; thus the profit was 2,138.72 marks.

Less favourable have been the results of the following motor car transport undertakings :

The Aegidienberg Motor Car Transport Society in 1910 made 19,500 marks by its passenger service and 600 marks by the postal service. Its expenses were : 3,600 marks for benzine, 2,600 for the pneumatic tyres, 2,800 for wages, 1,700 insurance and 1,200 repairs.

After deduction of sinking fund payments there remained the small profit of 112 marks, so that the initial capital produced no interest, although the manager of the business and the cashier were unremunerated.

In 1908 the *Mooriemer Automobil-Gesellschaft* was founded at Altenhutorf under the form of a registered limited liability co-operative society. The shares at first fixed at 30 marks soon rose to 130 mks. The liability was 500 marks per share ; the members being 188 at the end of 1908, the total amount of the liability of the society was 94,000 marks.

In 1908 after not an entire year of work, the amount of sinking fund was 10 %, in 1909 25 %, in 1910 25 %. Up to the present every year the accounts have closed with a loss, to be precise with a loss of 4,172 mks. in 1908, 14,344 mks. in 1909, 6,985 mks. in 1910. The heavy loss in 1909 was due to a fire rendering necessary the building of a new car. To cover the expenses a deduction of 6,985 marks had to be made from the share capital, which at the end of 1910 represented 8,506 marks, so that to-day it only represents 1,527 marks. The society has as yet no reserve fund.

The report on these co-operative societies in 1910 says that they traverse more than 48,955 kms., carry 20,226 passengers and 4,408 parcels. The post pays an amount of 3,300 mks.

The expenditure per km. was : wages, 8.51 pf. ; insurance, 2.51 pf. ; benzine, 6.9 ; oil, 2.16 ; and pneumatic tyres, 7.97 pf. Including sinking fund

and interest the total expenditure amounted to 52.09 pf. per km. The price of the tickets, which up to the present has been 5 pf. per passenger per km., is not sufficient to pay expenses, but it cannot be raised, as the use of the car would be still further decreased, after there has already been a falling off of 1,101 passengers in 1910 as compared with 1909.

The situation of these co-operative societies will only improve some years hence when the amount of sinking fund payments is reduced.

The first of these co-operative societies was the "Brünn Co-operative Motor Car Transport Society, Limited", founded in 1907.

This society has had a loss in round numbers of 5,000 marks in the last three years.

In the first two years the district and the commune granted it an annual subvention of 1,800 mks. The traffic has continually increased. At the end of 1910 there were still 10,000 mks. to be paid off on the two cars belonging to the society. In three years 13,500 marks or much more than 50 %, have been paid off ; probably this society will manage to continue unless it has absolutely unforeseen losses.

Summing up the results obtained by the foregoing co-operative societies we may conclude that scarcely one of these businesses could continue without the post office subsidy ; in any case a motor car transport business can hardly rely only on passenger traffic.

If we consider that in these businesses, whether limited liability or co-operative societies, the necessary capital is subscribed in the circles interested so that the business may continue even if the initial capital pays no interest and there are losses in spite of subventions from public administrations, we may say that the returns of motor car transport co-operative societies will never be great till the price of the tickets are appreciably raised ; but this is hindered by railway competition and the necessity of not alienating the public. Yet it cannot be denied that a co-operative motor car transport society may prosper under certain conditions, in the absence of a good railway system, and with frequent travelling of strangers at certain seasons of the year or the existence of certain branches of industry requiring rapid transport of their produce. But even in these cases they must always be able to count upon subventions from the administrations concerned. Generally, then, it will only be exceptional circumstances which allow of the successful development of motor car transport.. We cannot therefore predict, at any rate, for the moment, any great future for the motor car transport societies.

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# CO-OPERATION AND ASSOCIATION

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## BULGARIA.

### CURRENT QUESTIONS.

#### The Central Co-operative Bank of Bulgaria.

##### Sources :

"Government Messenger" of 17th December, 1910 (O. S.). Sofia.

Law of 17th February, 1907 on Co-operative Societies, Sofia, 1908.

"Bulletin of the Central Co-operative Bank of Bulgaria" No 19. Sofia.

"Mutuality" nos. 18, 19, 20, 21, - 1910, and 7, 8, 13, 14, 15, 16, - 1911.

Report of the General Federation of Agricultural Co-operative Societies of Bulgaria, Sofia, 1909.

In the last number of the Bulletin of Economic and Social Intelligence, we spoke of the Rural Banks in Bulgaria (1). To supplement what was said in it we shall now publish the text of the law of 17th. December, 1910 (O. S.), creating the Central Co-operative Bank in Bulgaria, adding to it some remarks on the new institution which, without doubt, will give a vigorous incentive to the development of co-operative credit in this country.

##### § 1. — *Functions of the Bank.*

In Bulgaria, the rural credit banks are of rather recent origin, since the first efforts for their institution do not date from before 1897. However, they have developed very rapidly, so that there are now about 800 Banks of Raiffeisen type.

(1) See *Bulletin of Economic and Social Intelligence*, January, 1912, pp. 47 et seqq.

Up to the present it was the Agricultural Bank of Bulgaria chiefly that supplied the rural banks with funds. It also instituted special courses for the encouragement of technical instruction among the managers of the Raiffeisen Banks and established a special bureau at its head office for the control of the rural banks and the encouragement of their development (1). The National Bank of Bulgaria also concerned itself with the relief of the needs of the rural classes, either directly, by discounting the farmers' bills, or indirectly, by advancing funds to the Agricultural Bank.

The new Central Co-operative Bank is a, specialised body, in the foundation of which two institutes are concerned, and which is intended to substitute them in all the operations they have up to the present conducted with co-operative societies and more especially with rural banks. The head offices and branches of the two pre-existing banks will act as ordinary correspondents for the new institute.

Further, the new Bank is intended also to favour the development of mutual insurance. The Bulgarian Government has recently taken steps for the development of agricultural insurance, founding bylaw of 26th. December, 1910 (O. S.), a State institute for mutual hail and cattle insurance (2). The law entrusts its management to the new Central Co-operative Bank.

It will open a special current account for the banking service of the Institute and will provide for the payment of claims for losses through the branches of the Agricultural Bank of Bulgaria, its ordinary correspondent. It is bound to perform the bank service for the Institute gratuitously, and it will receive on the other hand a small premium on the amounts insured (art. 18 and 19 of the law above mentioned.)

In this way, the Insurance Institute, while preserving its independence, both as to its civil personality and its own liability, and in all that regards its management and its accounts (see articles 7 and 20 of the law we publish), may realise an appreciable saving in its working expenses.

Finally, important functions of control and inspection of the co-operative societies and the federations of co-operative societies are assigned to the new bank.

Previously the inspection of the co-operative societies was entirely regulated by the law of 17th. February, 1907. Whilst this law recognises the inspection performed by the federations, it accorded the same right to the Agricultural Bank in the case of all the co-operative societies that might resort to it to obtain credit. The rural banks were thus subject to a double control, which gave rise to considerable difficulties when the

(1) See *Bulletin of Social and Economic Intelligence* of 30th June, 1911, p. 189.

(2) *Ibid.* of 30th, October, 1911, p. 120.

requirements of the two administrations charged with their inspection clashed.

The institution of the Central Co-operative Bank and the promulgation of the new law on co-operative societies, published in the "Government Messenger," of 4th. March, 1911, (O. S.) removed all possibility of differences.

The Bank has now the exclusive right of control and inspection of all the co-operative societies or federations of co-operative societies affiliated to it, so that previous to any modification of their rules, they must obtain its approval (Arts. 13 and 14 of the law we publish).

## § 2. *Organization of the Bank.*

The Bank is of mixed character ; in fact, on the one hand, two State Bank Institutions (the National Bank and the Agricultural Bank of Bulgaria), which the law designates as *foundation members*, and which are bound to pay up a total contribution of 5 million levas, contribute to its foundation ; but, on the other hand, in order to be allowed to do credit business with the Bank, the co-operative societies concerned must themselves be registered as *ordinary members*, undertaking to pay subscriptions of the same amount, namely, 100 levas (art. 5 of the law). Special provisions aim at preventing the Bank shares becoming an object of speculation, the maximum dividend the members may receive is limited to 4 % for foundation members and 5 % for ordinary members.

The position of the two classes of members also is different as regards their liability for the engagements of the Bank, since the liability of the first is limited to the amount of their contribution, whilst the latter are liable to five times the nominal amount of their subscribed shares (*quotes parts*).

The Bank is authorized to issue bonds to a very large amount, that is, for an amount equal to ten times the special guarantee fund instituted for this end.

The foundation members will contribute to the formation of this guarantee fund with an initial payment of a million levas to which every year will be added a fixed proportion of the profits for that year (art. 34 of the law).

The Bank is exclusively intended to conduct personal credit business operations with co-operative societies or federations of co-operative societies. The law authorizes it, in addition to its banking operations, properly so called, also to organize public auctions for the account of the co-operative societies and to organize and work general warehouses.

The Management of the Bank is under the direct control of the State. The Minister of Finance has the right of chief supervision over the operations of the Bank and he may put his *veto* on those he considers contrary to law or public interest. The appointment of the superior officers of the Bank is also reserved to the Government. The Superior Council and the Examining Committee of the Bank are composed of representatives appointed by the Departments of Finance and Agriculture, the two founding bank institutes and the ordinary members' meeting. However, the latter, can exert only a limited influence on the Management. Their representatives are in fact in the minority in both Councils, and the votes of the general meeting of ordinary members are only considered as recommendations. In fact, the shares paid up by the ordinary members only form a small part of the capital of the Bank. On the contrary, the State has a preponderating interest in its management, since two State Banks provide the largest part of its funds.

### § 3. Action of the Bank.

The Bank commenced working on the 18th. March, 1911 (O. S)

The rate of interest asked by the Bank on its credit operations was  $6\frac{1}{2}$  % for loans to co-operative societies and 6 % for loans to federations doing a total business with the Bank of at least one million per year.

The rate of interest paid by the Bank to depositors differed according to the class of deposits and the kind of customers. It thus gave interest varying from 4 to 5 % on deposits for a term ; but on deposits repayable on demand  $4\frac{1}{2}$  % to federations, 4 % to co-operative societies and 3 % to private persons.

The following figures for the most important credit and debit items are reproduced from the financial statement of the Bank on the 31st. October, 1911 (O.S).

Shares subscribed by ordinary members . . . . .	84,700	levas
Still to be paid up . . . . .	64,855	"
Amount of deposits . . . . .	532,157	"
Securities and Bills in Deposit . . . . .	1,678,813	"
Loans in Current Account . . . . .	536,899	"
Long Term Loans . . . . .	169,700	"
Bills and Acceptances . . . . .	1,527,735	"
Bills for cashing . . . . .	172,471	"

\*The large amount of deposits and bills is explained by the fact that they serve as guarantee for the loans. It appears from the statements published up to the present that the Bank has not yet made use of the right to grant loans on security of agricultural produce or implements.

The first working year of the Bank closed on 31st. December, 1911(O.S).

**Law on the Central Co-operative Bank of Bulgaria.**

anctioned by Ukase No. 71, published in the "Government Messenger" of 17th. December; 1910 (O. S.) No. 276.

**PART I.**

*Object and Composition.*

Art. 1. With the object of directing and developing the rural and urban co-operative associations, satisfying their credit requirements and encouraging the development of insurance societies under the co-operative form, a public establishment shall be founded, to bear the name of the Central Co-operative Bank of Bulgaria.

Art. 2. The headquarters of the Central Co-operative Bank of Bulgaria shall be at Sofia.

The National Bank and the Agricultural Bank of Bulgaria shall serve as representatives and correspondents for this Bank in the other parts of the Kingdom.

The services rendered by these correspondents shall be gratuitous.

Art. 3. The Central Co-operative Bank of Bulgaria shall have two classes of members: foundation members and ordinary members.

The foundation members shall be the National Bank and the Agricultural Bank of Bulgaria. They shall supply the Bank with its initial capital.

The ordinary members shall be all the associations or unions of associations either rural or urban that have been admitted as such and share in the capital of the Bank by subscription of personal shares (*parts*).

Art. 4. As ordinary members shall be admitted the co-operative associations or unions of associations, constituted and registered in conformity with the Law on co-operative associations.

They can only be admitted on the decision of the general meeting of members of the special association or of the union.

The associations making part of a union which is itself a member of the Central Co-operative Bank of Bulgaria, cannot at the same time be members of the latter.

Art. 5. Any association which does not make part of a co-operative union must, on entrance, subscribe two 100 leva shares at least. It may pay them in one sum or in instalments.

Every union affiliated to the Co-operative Bank of Bulgaria must subscribe at least as many shares (*parts*) as there are associations in the union.



Art. 6. The admission of associations or unions as ordinary members of the co-operative Bank shall be entered on the commercial register of the competent tribunal.

Art. 7. Neither co-operative insurance associations, nor persons who have made an insurance contract through the medium of the insurance departments of the Bank shall be considered as ordinary members.

The Central Co-operative Bank of Bulgaria, entrusted with the service of the Co-operative Insurance Societies, shall not guarantee its insurance business out of its own funds.

The relations of the Bank with the insurance societies and co-operative associations shall be defined in the laws specially passed on the subject. The management of the insurance societies themselves must be in conformity with the provisions of the special laws and regulations relating to them.

## PART II.

### *Capital and Operations.*

Art. 8. The initial capital of the Central Co-operative Bank of Bulgaria shall be unlimited.

It shall include :

- (a) The subscriptions of the foundation members of the Bank ;
- (b) The personal shares of the ordinary members of the Bank ;
- (c) The bond guarantee fund.

The National Bank and the Agricultural Bank of Bulgaria shall, in the first place, pay as foundation members, two and a half million levas each, or altogether five millions out of their own reserve funds.

Art. 9. The Central Co-operative Bank of Bulgaria shall perform the following operations ;

(1) it shall discount bills of exchange and bills to order, and securities issued or guaranteed by the State together with their coupons, on behalf of the associations and unions of associations ;

(2) it shall open current accounts for associations and unions on deposit of bills or securities issued or guaranteed by the State.

(3) it shall make loans on the security of agricultural and various trade implements, machines or produce ;

(4) it shall open current accounts on deposits or special certificates of deposit ;

(5) it shall distribute the loans of the associations and unions of associations by virtue of a deed authorizing it to issue bonds ;

(6) it shall receive deposits for a term, with or without capitalisation of interest, as well as deposits withdrawable on demand and shall open savings bank accounts ;

(7) it shall get its bills and acceptances rediscounted and shall place them in deposit ;

(8) it shall issue bonds at interest and extinguishable in instalments according to lot. The claims of the associations against their own members shall be transferred to it ;

(9) it shall organize or contribute to organize public purchase or sale on behalf of the associations and unions ;

(10) it shall maintain general warehouses for its own account or for that of the unions ;

(11) it shall buy and sell for others' account negotiable papers quoted on the Exchange. It shall buy for its own account the securities issued or guaranteed by the State, for the formation of its reserve fund and bond funds ;

(12) it shall buy and sell real and personal estate exclusively for its own requirements ;

The Central Co-operative Bank of Bulgaria shall only perform the operations contemplated in paragraphs 1, 2, 3, 5, 9 and 10 for its own members.

Art. 10. The bonds issued in virtue of paragraph 8 of the preceding article shall be guaranteed independently of the securities themselves by a special guarantee fund. This fund which must amount for the moment to a million of levas, shall be paid gratuitously by the foundation members, who shall each deduct it from their reserve funds.

In any case the total nominal amount of bonds put in circulation must not exceed ten times the bond fund.

### PART III.

#### *Members' Rights and Obligations.*

Art. 11. The National Bank and the Agricultural Bank of Bulgaria shall be liable for the engagements of the Central Co-operative Bank as foundation members of the Bank, but only to the extent of their contributions

They may not receive a dividend of more than 4 % of their contributions, out of the profits of the Co-operative Central Bank.

Art. 12. The ordinary members shall be liable for the engagements of the Bank up to five times the nominal amount of the shares (*parts*) they have subscribed.

They may not receive a dividend of more than 5 %.

Art. 13. The Central Co-operative Bank of Bulgaria shall have right of control and supervision over all its ordinary members.

It shall exercise all the rights of control that the Popular Bank and the Agricultural Bank of Bulgaria possess, in virtue of art. 70 of the law on co-operative associations.

Art. 14. The associations and unions may not modify their rules after having been admitted as ordinary members of the Bank, without the consent of the latter.

Art. 15. The Bank may expel ordinary members as also any ordinary member may retire.

In the latter case a decision of the general meeting of the members of the association shall be required.

The grounds for expulsion as well as the term fixed for retirement shall be determined by the rules of the Bank.

Yet this term may in no case exceed a year

Expulsions and retirements shall be entered on the commercial register of the competent tribunal.

Art. 16. If any expelled or retiring association remains in debt to the Central Co-operative Bank of Bulgaria, the latter may immediately enforce payment or exact surety to guarantee it.

Art. 17. The Central Co-operative Bank of Bulgaria shall have the right to retain all amounts, drafts or securities, placed with it by its own members at any date for any purpose. It may exercise this right, either as *de facto* possessor or by virtue of a preference granted to it, without having to recur to judicial execution or any other intervention.

The sale of securities thus retained shall be effected through the medium of the Bank.

## PART IV

### *Organization and Administration.*

Art. 18. The Administration of the Central Co-operative Bank of Bulgaria shall be conducted by the Management, the Superior Council, the Examining Committee, and the Meeting of the delegates of the ordinary members.

Art. 19. The Management shall be composed of a Manager and two Administrators.

The Manager and the Administrators shall form the Board of Management of the Bank.

Art. 20. The Management shall be divided into two divisions: the one for credit, the other for insurance. Each shall keep its own books and each shall have its own divisions, bureaux, staff of service and inspection necessary in conformity with the table accompanying the present law.

All the officers and employees of the Central Co-operative Bank of Bulgaria must satisfy the established economic conditions. They shall be considered as State functionaries and enjoy the same rights as the latter.

Art. 21. The Manager and the Administrators shall be appointed by Ukase on presentation of the Minister of Finance and dismissed by Ukase on the authorization of the National Parliament (*Sobranje*).

All other officers shall be appointed and dismissed by the Manager, on the decision of the Board of Management. The employees shall be appointed and dismissed by the Manager.

Art. 22. The Manager shall represent the Central Co-operative Bank of Bulgaria with the State administrations and the various public bodies.

He shall exert a general control over the administration and operations of the Bank and supervise the carrying out of the laws and regulations governing it.

Art. 23. The Board of Management shall, on the proposal of the Manager, examine and decide all matters within its competence that no other authority is called upon to discuss and solve according to the provisions of the Charter or the present law.

In case of disagreement between the Manager and the other members of the Board, the matter shall be brought by the Manager before the superior Council, the decision of which shall be final.

The execution of the decision of the Board of Management shall be delayed until the Superior Council shall have given judgment.

Art. 24. The Superior Council shall be composed of seven members: one appointed by the Minister of Finance, one by the Minister of Commerce and Agriculture, three elected by the meeting of the delegates of the ordinary members and two forming part of the Superior Council by virtue of office, namely, the Manager of the National Bank of Bulgaria, and that of the Agricultural Bank, or when necessary, their delegates.

Of the three members elected by the Superior Council, two shall be chosen by the delegates of the rural associations and the third by the delegates of the urban associations.

The President and the Vice President of the Superior Council shall be chosen by the Council itself from among its own members. The election shall be ratified by the Minister of Finance.

Art. 25. The mandate of the elected members shall be for a year. It may however be renewed.

The members of the Superior Council who are not officers shall receive allowances per session, fixed by the charter of the Bank.

Art. 26. It shall belong to the Superior Council :

(1) to discuss the charter of the Bank or its modifications, as well as specially important provisions, such as the maximum of the loans, their guarantee and maturity, rate of discount and interest.

(2) to decide with regard to the provisions relating to the conditions for deposits ;

(3) to examine the list and the conditions of issue or extinction of bonds ;

(4) to decide with regard to the investment, in accordance with their intention, of the bond fund and reserve fund, as well as of the funds and subsidies paid by the State for insurance operations.

(5) to pass the financial statement and accounts of the Bank and to relieve the members of the Board of Management of their liability for the previous financial year.

All other general provisions and instructions for the staff shall be, however, communicated to the Superior Board, as soon as they are approved by the Management.

The Council may of its own initiative draw the attention of the Manager to the imperfections or omissions in these provisions and instructions and ask that they may be modified or completed

Art. 27. The decisions of the Superior Council with regard to the matters enumerated in paragraphs 1, 2, 3, 4 and 5 of the preceding article, must be approved by the Minister of Finance.

Art. 28. The Examining Committee shall consist of five members ; one appointed by the Minister of Finance, one by the National Bank and one by the Agricultural Bank of Bulgaria, and two elected by the Congress of delegates of the ordinary members.

Art. 29. This Committee shall examine all the operations, business and papers of the Bank for the previous year as well as the Balance Sheet and Profit and Loss Account at the end of the year. On all these matters it shall draft a report for the Superior Council.

If in the course of the year the Examining Committee observes serious irregularities or malversations it shall immediately report them to the President of the Superior Council, who shall communicate the report to the Minister of Finance together with his own opinion.

Art. 30. The mandate of the elected members of the Examining Committee shall be for a year.

~~It may be renewed~~

The allowance the elected members of the Examining Committee shall receive shall be laid down in the Charter of the Bank.

Art. 31. The representatives of the ordinary members in the Superior Council and in the Examining Committee, mentioned in arts. 24 and 28 of the present law, shall be elected at the annual meeting of the delegates of all the associations affiliated to the Bank. For this purpose the meeting shall be divided into two divisions : one shall consist of the delegates of the rural associations and the other of those of the urban associations.

Each association shall have only one vote, but the unions shall have as many votes as they represent associations.

The meeting shall be called and presided over by the President of the Superior Council, before this Council has given opinion on the Bank accounts and the report of the Examining Committee.

After hearing the report of the President on the working of the Bank, it shall deal with the matters entered on the agenda.

Except for the election of the representatives to the Superior Council and the Examining Committee, the votes passed at the meeting upon the operations of the Bank shall have purely consultative force in all that regards the working of the Bank as described in the present law.

A special regulation, prepared by the Superior Council and approved by the Minister of Finance, shall determine in detail the mode of election of the delegates as well as the competence and the internal regulation of the meeting.

Art. 32. The Central Co-operative Bank of Bulgaria shall be placed under the supreme control of the State, exerted by the Minister of Finance. The Minister may, after hearing the opinion of the Superior Council, quash any decision or stop any operation of the Bank which would be contrary to the laws and regulations or would be injurious to the public interests of the country.

Matters affecting the working of the insurance divisions of the Central Co-operative Bank of Bulgaria and coming within the province of other ministerial departments, in virtue of special laws, shall be subjected by the Minister of Finance to the examination and decision of the competent ministers.

## PART V.

### *Profits and Balance.*

Art. 33. The Working Year of the Central Co-operative Bank of Bulgaria shall commence on the 1st. January (O. S) and end on the 31st. December (O. S).

Art. 34. The net annual profits on the Bank's operations shall be distributed as follows :

10 % to the reserve fund ;

10 % to the guarantee fund for bonds ;

3 %, in proportional amounts, to the officers and employees of the Bank.

The rest of the net profits shall be divided, as dividend, in repayment of the capital paid up by the National Bank and the Agricultural Bank of Bulgaria, and the shares of the ordinary members.

The dividend to the ordinary members shall only be paid after full payment made of the dividends to the National Bank and the Agricultural Bank of Bulgaria.

If, after distribution of the maximum dividend on ordinary members' shares, there still remains an available surplus, this should be placed half to the reserve fund and half to the guarantee fund.

Art. 35. The monthly balance sheets of the Central Co-operative Bank of Bulgaria shall be published in the "Government Messenger". The annual accounts of the Bank shall also be inserted in it.

## PART VI.

### *Special Rights and Privileges.*

Art. 36. In all business of legal or administrative character, the Central Co-operative Bank of Bulgaria and its ordinary members shall be represented by the correspondents of the Bank, that is, by the National Bank and the Agricultural Bank of Bulgaria.

Art. 37. Bills remaining unpaid by the co-operative associations affiliated to the Bank shall bear interest at a fixed rate, even when they have not been protested.

Art. 38. Abstracts and copies of the acts of the Central Co-operative Bank of Bulgaria shall be producible as public evidence.

Art. 39. All credits of the Central Co-operative Bank of Bulgaria or of its ordinary members shall give course to the executory measures provided for in art. 818, paragraph 7, of the Code of Civil Procedure.

Art. 40. During the first three years from its foundation, the Central Co-operative Bank of Bulgaria shall be exempted from all State dues and taxes, of whatever nature, for its ordinary and registered correspondence, its despatches of money and its telegraphic and telephonic communications.

Besides this, all acts and documents emanating from the State or the public establishments, required for the conclusion of loans with ordinary members of the Bank, shall be exempted from all stamp dues of any kind, and any other tax or payment.

## PART VII.

### *Temporary and Permanent Deposits.*

Art. 41. During the first working year from the foundation of the Bank, the Superior Council and the Examining Committee shall only consist of the nominated members and those forming part of the Superior Council by right of office.

Art. 42. In the six months following the date of the opening of the Central Co-operative Bank of Bulgaria, the rural or urban co-operative associations to which the National Bank and the Agricultural Bank of Bulgaria have up to then given credit must decide if they will enter or not as ordinary members of the Central Co-operative Bank of Bulgaria.

On the expiration of this period, the National Bank and the Agricultural Bank shall cease to give credit to the co-operative associations. This service shall pass entirely and *ipso jure* to the Central Co-operative Bank of Bulgaria.

Art. 43. The claims of the National Bank and the Agricultural Bank of Bulgaria against the rural or urban co-operative societies which have been admitted as members of the Central Co-operative Bank shall pass *ipso jure* to the latter, which shall undertake their recovery. On the other hand, claims of the National Bank and the Agricultural Bank of Bulgaria against the co-operative societies which, on the expiration of the above period of six months, shall not have been admitted, or generally shall not have become members of the Central Co-operative Bank shall be recoverable within an additional period of six months, and shall be recovered by the National Bank or the Agricultural Bank, respectively.

Art. 44. The initial capital subscribed by the National Bank and the Agricultural Bank of Bulgaria as foundation members, as well as the bond funds, shall be paid into the Central Co-operative Bank in proportion to its needs and its requirements.

Art. 45. The Central Co-operative Bank of Bulgaria shall be considered open from the day on which the Superior Council and Board of Management give notice of it through the medium of the "Government Messenger" and other papers, if need be.

Art. 46. The Management shall prepare the necessary regulations for the completion of the present law. They shall be examined by the Superior Council and approved by the Minister of Finance.

Art. 47. The present law shall come into force on 1st. January, 1911 (O.S).

By this law, the law of 16th. February, 1907 (O. S) on industrial credit through the medium of the National Bank of Bulgaria and all other laws and provisions contrary to itself are abrogated.

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# CO-OPERATION AND ASSOCIATION

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## SPAIN.

### CURRENT QUESTIONS.

#### Agricultural Organisation in Spain.

*The following article is abridged from a study that will be found in full in the second volume of the "Monographs on Agricultural Co-operation". We have limited ourselves to the suppression, in the case of each class of associations, of those groups the description of which served very well for illustration, but were not absolutely indispensable.*

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## § 1. Agricultural Credit.

### (a) The "Pósitos".

The *Pósitos* or communal granaries are characteristic institutions of Spain dating from the 16th. century and resembling the Portuguese *Celteiros*. In these establishments a certain quantity of grain was kept in stock for the farmers, for sowing or for consumption, in case of drought or public need.

Ferdinand and Isabella especially encouraged these institutions, and under the reign of Philip II the "*Pósitos*" were regulated for the first time.

In the course of centuries they have been often modified. Last of all in the law of 23rd. January, 1906, attempt was made to modernise

them by promoting their transformation into Rural Banks and Agricultural Banks.

According to this law, the Minister of Agriculture is charged with the service of the organisation of the *pósitos*. A delegate, appointed by him had very extensive powers. He might be assisted by *Permanent Commissions* of which he was President, the rôle of which was confined to discussion. These Commissions, however, were suppressed by the decree of 16th. May 1907. Besides the inspectors mentioned in the text of the law, this delegate is authorized to engage the persons necessary for the service entrusted to him, appointing them on his own authority. He proceeds at law against anyone guilty of any crime against the *pósitos*.

With regard to the transformation of the mission of the *pósitos*, the law declares: "The *pósitos* shall still be considered as such, even if they do not limit themselves to loans of seeds, but also grant loans in money acting thus as Rural Loan and Credit Banks, or if they facilitate the acquisition of implements, machinery, plants, manure, cattle, breeding stock or any other thing whatever serviceable in agriculture

They may also accept seeds in deposit and advance on such deposits amounts not exceeding 50 % of their value, taking into account in this operation the interest fixed for loans in money."

It has even been attempted to found new *pósitos* and to encourage the transformation into *pósitos* of other already existing institutions, such as benevolent institutions, loan and savings banks, etc., with the object of allowing the latter to profit by the advantages the law offers these institutions.

The Count de Retamoro, Royal delegate attached to the Royal Delegation of the *pósitos*, proposed this change and he has even published model rules for the organization of *pósitos* of new creation.

According to these rules, the object of the *pósitos* is to procure their members the funds they require for their farmwork as well as to allow of the same members finding remunerative investment for their savings.

In contrast to what is the case in the *pósitos* of ancient foundation, the capital of those of recent creation will include: an initial capital the amount of which will be fixed by the Royal Delegation of the *Pósitos*, to which will be added members' contributions, State, Provincial and Municipal subventions, donations or bequests from private persons, and the profits realised by the society in its work.

Loans are only granted to members and on condition that the sum lent be intended for agricultural work, and on the member giving personal or real security.

For recovery of loans, the management will have the same right of action as the Public Finance Department has against its debtors. After a period of 15 years the debt is extinguished by prescription.

In conformity with the law of 23rd. January, 1906, and on the basis of the model rules just mentioned, provision is being made for the foundation of a large number of *pósitos*. Recently, in order to dispel any shadow of doubt with regard to their fiscal régime, the Minister of Finance, at the request of the Royal Delegation of *pósitos*, has issued a Royal Order relieving the profits made by the *pósitos* from all taxation.

Finally, it has been attempted to improve the economic condition of these institutions, by encouraging in every way the conversion into money of everything the *pósitos* possess in kind, whether seeds, revenue bonds, rents, town and country property, credits against the State, the Provinces and the Municipalities. The results obtained from this conversion amounted:

from 23rd. January, 1906 to 30th. April, 1908	to pesetas 2,870,833.29
„ 1st. May, 1908 to December, 1908 to	„ 966,763.72
<hr/>	
or a total of pesetas 3,837,597.01	

But serious difficulties at first interfered ; such as resistance on the part of the commissions, and various obstacles hindering the settlement.

These operations now very actively directed will succeed in realising the very advantageous transformation of the *pósitos* into Rural Banks or Agricultural Banks. To show the present state of activity and prosperity of the 3,520 *pósitos* existing on the 30th. June, 1910, we reproduce in the following table the Statistics Señor Firmin Calbeton, Ex. Minister of Agriculture, gives in his book.

*Capital of the Pósitos on 30th. June 1910, per Province.*

Provinces	Debts — Pesetas	Cash in Hand — Pesetas	Stock — Pesetas	Total — Pesetas
Albacete . . . .	574,096.45	97,235.62	105,742.68	769,074.75
Alicante . . . .	402,368.84	54,096.11	26,602.73	483,067.58
Almería . . . .	3,175,056.51	152,630.85	327,841.99	3,655,529.35
Ávila . . . . .	625,281.46	84,628.11	12,815.21	722,724.78
Badajoz . . . .	884,755.34	18,856.86	105,168.39	1,088,780.59
Burgos . . . . .	641,737.54	113,355.18	7,999.76	763,092.48
Cáceres . . . .	1,073,130.61	109,860.47	10,195.50	1,193,186.58
Cádiz . . . . .	4,544,114.57	138,666.58	300,947.92	4,983,729.07
Castellón . . . .	766,264.74	342,474.55	7,304.80	1,116,044.09
Canaries . . . .	1,677,313.95	97,784.73	127,809.55	1,902,908.23
Ciudad Real . .	1,692,267.01	54,893.15	215,685.61	1,962,845.77
Córdoba . . . .	10,801,115.44	362,561.68	1,719,928.57	12,883,505.69
Cuenca . . . . .	1,004,796.97	144,202.58	90,854.28	1,239,853.83
Granada . . . .	5,909,840.80	127,789.17	478,941.45	6,516,571.42
Guadalajara . .	1,155,345.90	311,375.86	77,921.72	1,544,643.48
Huelva . . . . .	1,283,175.70	90,592.32	113,576.51	1,487,344.53
Huesca . . . . .	927,966.67	57,556.70	4,111.30	989,634.67
Jaén . . . . .	9,707,657.05	159,761.41	242,591.64	10,110,010.10
Léon . . . . .	358,273.51	160,641.00	63,983.76	582,998.27
Lérída . . . . .	944,350.60	22,497.96	30,000.00	996,848.56
Logrono . . . .	423,951.18	142,421.27	5,840.00	572,212.45
Madrid . . . . .	181,184.75	53,818.25	89,139.95	324,142.95
Malaga . . . . .	8,300,105.46	135,025.74	346,156.95	8,781,288.15
Murcia . . . . .	1,162,542.53	37,644.74	106,000.24	1,306,187.51
Palencia . . . .	2,152,135.52	834,160.00	117,676.73	3,103,972.25
Salamanca . . .	1,884,358.97	29,571.36	156,476.04	2,070,406.37
Ségovia . . . .	1,452,586.52	379,607.63	41,943.57	1,874,137.72
Séville . . . . .	9,153,136.45	318,858.52	913,505.32	10,390,500.29
Soria . . . . .	834,549.92	172,164.92	7,228.17	1,013,943.01
Teruel . . . . .	317,894.64	287,937.48	37,922.09	643,754.21
Toledo . . . . .	1,418,890.98	218,063.73	80,466.34	1,717,421.05
Valencia . . . .	2,048,305.90	247,553.99	21,383.29	2,317,243.18
Valladolid . . .	1,095,003.59	277,079.76	19,483.12	1,391,566.47
Zamora . . . . .	368,260.81	49,436.50	2,097.25	410,794.56
Satagossa . . . .	546,510.54	46,098.21	94,760.74	687,369.89
Total . . . . .	78,693,327.72	5,903,902.99	6,110,103.17	90,707,333.88

(1) FIRMIN CALHETON: *Apuntes para el estudio del Proyecto de Ley de Crédito Agrario*, Madrid, 1910, Imp. de los hijos de M. G. Hernandez, (Study on the Agricultural Credit Bill.).

(b) *Rural Banks.*

Co-operative credit is comparatively a new thing in Spain. Its origin is especially due to the constant propaganda of Señors Diaz de Rabago, Rivas Moreno, Fontes, P. Vicente, Viscount D'Eza, Chaves, Castroviejo, etc. However, the results obtained by men of action like these are far from what was expected. The reason lies in the difficulty experienced at the start in obtaining from the Government the desired relief from taxation. In fact it was only on the 4th. June, 1908, that the Government produced a law exempting from taxation personal loans secured on pledge or on mortgage, granted by Banks, *Montes de Piedad* (institutions of pawn), Raiffeisen Banks, and other similar institutions authorized by Government on condition of their not dividing their profits and giving no dividend.

The *Paz social* estimated that in 1910 the *total number of social institutions giving agricultural credit* might be calculated at a thousand, without counting the non-Catholic rural banks.

The Syndicates try to federate the Banks so as to create Central Banks on the model of the federation of the agricultural syndicates of Rioja, or the Central Syndicate of Valencia. So we think Spain has now openly made a start in co-operation and in a few years there will be Rural Banks almost everywhere in the country. The hope is further authorized by the praiseworthy and useful action of some of these banks. The *Rural Bank of Alhama de Murcia* is a striking example of the progress of co-operation. We owe the following data on the development and the situation of this Bank to an article by Señor Rivas Moreno. They are abstracted from the official data furnished by this institution.

The *initial capital* of the Bank amounted to 6,000 pesetas. At the end of 1909 it had granted 84 loans more than in 1908, that is 264, for an amount of 54,285 pesetas.

The *deposits*, amounting to 20,928.52 pesetas in 1908, increased by 52,543.04 pesetas in 1909, thus giving a general total of 73,471.56 pesetas.

In 1909 19,170.20 pesetas more of these deposits than in the previous year, that is to say, 33,372.84 pesetas were repaid, and this excess of *re-payments* produced a saving of interest amounting to 452.57 pesetas which added to the capital brings it up to a total of 40,551.20 pesetas.

The *debt* of the Bank to the Bank of Spain, which was still 4,343.25 pesetas in 1908, was reduced to 1,143.20 pesetas in 1909. The *unpaid up shares* (actions) appeared as 2,492 in 1908. In 1909, in consequence of payments on 954 of these shares, the number was reduced to 1,538.

The *general balance*, in spite of all payments, showed an increase of 16,214.90 pesetas on that of the previous year.



We shall now study the organization and rules of the Rural Banks.

Let us first consider these of the Province of Zamora. They have for their chief object the advance of agricultural industry and credit. The members make no contribution in kind, but they are jointly and severally liable for all obligations legally contracted by the society. They have no right to any participation in the profits or dividends, even in case of the dissolution of the society. But as members they may ask loans from the bank or be allowed to invest with it the capital they offer to the society. These deposits at interest will only be accepted by the society if it is able to invest them profitably; in the contrary case, the members will receive no interest. The capital of the society is made up of the difference between the interest the society receives and that it pays its creditors and of donations and bequests made to it. The officers of the society, except the bookkeeper, are unremunerated. Loans are only made to members who can give sufficient security in mortgages or pledges.

To obtain a few typical details of the *Cajas rurales extremeñas*, we shall examine the rules and regulations of the *Rural Loan and Savings Bank of Fuente de Canto*. Although they also are based on the principle of mutual joint and several credit, the banks of this class have their own special characters. They have for their object, besides the utilisation of credit on the security of unlimited mutual liability, with a view to the realisation of loans at a very low rate, also purchase, for their members, of agricultural implements and breeding stock, as well as seeds, plants, manure and every other article serving for the development of agriculture and livestock improvement, and also to receive in deposit, keep and sell their members' produce collectively.

The capital of these banks consists of private donations or official subventions, increased by members' entrance fees and monthly subscriptions, and the difference between the debit and credit interest.

These banks, like the above mentioned of the Province of Zamora, give no dividend to their members, who consequently do not share in the profits. Yet they have the right, not possessed by the others, of receiving as members persons not resident in the town or village in which the Bank is situated. But in that case, for easier control, there must be at least ten members resident in the same town, village or hamlet. These will then form a delegation of the Central Bank whose liability may be limited or unlimited. Those members who have preferred unlimited liability will enjoy the same rights as the members of the Central Bank and will also have the same duties; the others will have no right to borrow, and their liability will be limited to the amount they themselves have fixed at their entry into the society. The persons who desire the formation of a delegation choose from among themselves three members of whom the Council

of the Bank selects one as delegate. The duty of this latter is to serve as intermediary between the Central Bank and the Delegation he is to represent at the General Meetings of the Central Bank. If the Delegation consists of 20 members or more, a commission may be elected with power to grant loans to this Delegation to the amount of 150 pesetas per member. In case of operations for larger amounts, the Commission asks for the approval of the central Council of the Bank.

Members have to pay an entrance fee of 10 pesetas and a monthly contribution of 25 centimes. At their entry into the society they must furnish a list indicating the cattle, implements and agricultural produce they possess serving for their personal use, as well as for that of their household. They must also distinguish clearly between their own property and that belonging to their wives, state if their property is mortgaged and if it is entered on the Land Register. In fact, the information they have to furnish must give the Board a complete idea of their financial position.

The members are classified in several categories according to the declared value of their property and in each category a maximum limit for loans is fixed.

To obtain loans, the members must give security in the form of mortgage or other bonds, or the guarantee of some other person.

Deposits may be received from members or non-members, be entered in current account or considered as deposits for a term. In the first case they bear interest at 3 % ; and single sums of even 5 centimes at a time are taken.

The amounts placed in deposit may not be less than 1,000 pesetas. If the deposit is made for six months, the interest is  $3\frac{1}{4}$  % ; if the term is for more than a year the interest is  $3\frac{1}{2}$  %.

As in the Zamora banks, the members are not remunerated for the services they perform for the society, either as managers, inspectors or delegates.

The profits realised by the Bank are employed on purchase of Agricultural implements and machinery, selected seeds, books and reviews, for the use of the Society, for agricultural education and experiments.

(c) *Central Institutions for the Encouragement of Rural Credit.*

The Central credit institutions which assist the rural banks are : the *Leo XIII Bank*, the *Bank of Spain*, and the *Mortgage Bank*.

The special object of the first is to assist the agricultural and industrial working classes in all their requirements for their work, except their personal requirements or those of their family. As its action extends to the whole Kingdom it could not control the business and the indiv-

idual value of each workman. It only grants loans to societies formed by workmen, and the Rural Banks which serve it as intermediaries are generally in the same position. It grants them loans for a maximum period of a year at 4 and 5 % interest. The Society is responsible for repayment of the amounts lent to its members and the payment of the interest and it must, during the period of the loan it has contracted, send the bank a detailed statement of its operations.

In addition, the Bank receives from the Rural Banks their surplus capital and enters it in current account at 3 % annual interest. No bank may have more than 5,000 pesetas in current account, and this may not be withdrawn except at 30 days' notice. In May, 1910, this Bank had granted the agricultural Syndicates and rural banks various loans to the amount of 131,650 pesetas. Between June and August this amount increased to 213,650 pesetas and in December, 1910, the Bulletin of the Social Reforms Institute registered 271,150 pesetas.

The *Bank of Spain* also grants loans to Syndicates and Rural Banks, at  $4\frac{1}{2}$  or  $4\frac{3}{4}$  % per ann. It may open credits in current account for syndicates on personal guarantee.

Yet this power is limited as, according to M. le Soc, cases rather frequently arise when no outside guarantee can be found. It is none the less true, besides, that in certain regions of Spain, the branches of this Bank do not grant collective loans. This is why the syndicates have been very slow to register on the credit lists of this Bank, and in fact we see from the last report, for 1910, that the number of loans granted, including those for 1909, are only 163.

The manner in which the figures are arranged in the reports of the Bank do not permit of our forming an idea of the amounts of these loans.

The *Mortgage Bank*, which also undertakes to encourage agriculture has a capital of 50 million pesetas, and if it profited by the power granted it by the law of 19th. October, 1875, it might even issue bonds payable to bearer. Its rules permit it to open credits to societies authorized by Government for the purpose, or to corporations, as well as to legally authorized syndicates, in return for mortgage bonds or on any other safe guarantee. But it appears from the last report of the Bank published in May 1909 that it has only granted 6,000 pesetas in loans on these conditions.

There are besides some special banks lending under similar conditions, for example, the *Credito Navarro*, some Montes de Piedad, like that of Orviedo and some *Pósitos*.

Two bills have been recently drafted with the object of facilitating credit operations for the agricultural associations and combating usury which is rife in the Spanish villages. The first, presented to the Cortes on the 11th. July, 1910, by the Minister of Agriculture is for the founda-

tion of a *National Agricultural Credit Institute*, the other, presented a few days later, on the 19th., for that of a *National Agricultural Credit Bank*.

The first of these has the character of a State Institution. It is entrusted with the supervision and administration and financial control of the rural credit institutions and, especially with the supervision and reorganization of the *pósitos*. It must also encourage the foundation of Regional Agricultural Credit Banks with share capital of at least a million to serve as intermediaries in the supervision of the *pósitos*. It will assist the rural credit societies, advancing them capital at 4 %. It will procure the necessary funds by the negotiation of loans up to the amount of 50 million pesetas. The institution also proposes to carry on propaganda and to compile statistics of rural credit.

The other institution, the National Agricultural Credit Bank, is, on the contrary, to possess a mixed character, like that of the Banks of Issue in various countries. It is to be in fact a private society with a share capital of 100 million pesetas under the direct control and supervision of the State, which reserves to itself the right of appointing the Governor.

Its object is to conduct every kind of agricultural credit operation, secured upon mortgage or pledge or any other incontestably safe guarantee. It may obtain the capital it requires by the issue of agricultural bonds, extinguishable within a short term, or by issuing bonds extinguishable by instalments within 25 years.

## § 2 *Agricultural Insurance.*

### (a) *Cattle Insurance, etc.*

Although the articles 1,791-1,797 of the Civil Code and Article 438 of the Commercial Code deal with insurance, there is nothing in these articles that specially concerns mutual insurance. However, there are some cattle insurance societies in Spain. The *Estadística de las Instituciones de ahorro, cooperación y previsión en el 1º de Noviembre de 1904* (Statistics of the Saving, Co-operation and Thrift Institutions on the 1st. November, 1904), published in 1908, mentions 18. Besides these, there are others affiliated to the Agricultural Syndicates and we may also mention those that Señor Rivas Moreno calls *Private Societies* and for which there are no statistics.

The latter, as we see from the example of the Province of Valencia, generally proceed as follows :

All farmers or owners of livestock, who have one or more horses, mules or asses may belong to these *Private Societies* in which they insure healthy six months' old animals. The insured only receives the value of

the dead animal if on entering the society he has paid up 2 % of the value as estimated by a special commission ; if he has engaged to contribute, proportionally, to the payment of members' claims ; and, finally, only if the death of the animal is not due to war, floods, epidemics, overwork or negligence. The payment of the amount representing the value of the animal is not made till at least 15 days after its death.

As we see, this is a sufficiently practical, but still rudimentary, sort of mutual insurance. The societies affiliated to the agricultural syndicates and those that have assumed the form of mutual societies are organized in a more scientific manner.

We shall mention among the mutual societies the *Protección de la Agricultura española* of Guadalajara the *Unión Catalana* of Barcelona, the *Europa Company* of Madrid and the *Ganadera Española* of Orense. The first deals with the insurance of crops against fire and with cattle insurance ; the three last insure cattle, and the *Europa Company* also insures against theft of cattle.

### § 3. Co-operative Societies for Production.

#### (a) Co-operative Wine Societies.

There are in Spain very few co-operative wine societies. At the vintage season the small farmers readily unite to crush and press the grapes. Their spirit of co-operation stops there. Once this operation terminated, they divide the must among themselves in proportion to the quantity of grapes contributed. Each one then subjects the product to what treatment he pleases.

Although the number of co-operative societies is small, outside of those, also very few, connected with the agricultural syndicates, we give an example of the private wine making co-operative society of Carmen (Criptana).

The object of this society is to increase small vintages as far as possible and to obtain the largest possible profits for the farmers by collective treatment of their wines.

The capital of the society consists of 200 shares (*actions*) of 75 pesetas. Each shareholder must apply the society with 4,000 kilogrammes of grapes per share. These shares are personal and may not be transferred without the authorization of the other members. The grapes the members supply to the society are bought at market price. The profits are divided unless the society decides to use them for the purchase of casks or of some equipment for winemaking.

We find mention of three or four wine making co-operative societies in connection with the agricultural syndicates in the *Relación de los expedientes de los sindicatos agrícolas* of 1908 and 1909, published recently by the Ministerial Department of Agriculture. We shall speak of them later on when we deal with the question of the agricultural syndicates.

(b) *Co-operative Societies for the Production of Sugar.*

These co-operative societies have, in general, given good results in Spain. We have, however, few particulars concerning them, except what we find in Señor Castroviejo's *Cooperación en la Agricultura*. These societies issue shares (*acciones*) which only farmers subscribe, binding themselves to furnish the manufactory with a certain quantity of beetroot for each share thus held. The profits are divided in proportion among the members. Of this class of society we may mention the Manufactory of *San Isidro* and the *Purísima Concepción* of Granada. The members of the latter are not necessarily farmers.

The farmers supply the raw material, in consideration of which they receive shares (*acciones*); the other members buy shares at 5 % interest. But they must also advance 500 additional pesetas for every 1,000 peseta share, for the expenses of the manufacture. This amount is repaid to them on the completion of the work.

§ 4. *Agricultural Syndicates. Their Action. Their Development.*

Agricultural Syndicates are of recent foundation in Spain. It was indeed only in 1904 that the Government laid a bill on the Syndicates before Parliament.

Later, on the 2nd November, 1905, another minister, Count Romanones in his turn presented a bill on Syndicates, which passed through Committee on the 20th. November and was carried in Parliament on the 14th. December.

The text of this bill was published in the *Gaceta* of 30th. January, 1908, but as difficulties arose on application of the law, a regulation had to be published on the 18th. January, 1908 for their removal. This law classes as agricultural syndicates the agricultural associations, societies, communities, and chambers, already formed, or which shall be legally formed, in the interest of farmers, for the purchase of implements, agricultural machinery, breeding stock, manure, plants, seeds, animals or anything else serving for the promotion and development of agriculture and of livestock improvement; associations for production, transformation, improvement, sale; preservation and exportation of agricultural and cattle produce; clearing, exploitation and reclaiming of uncultivated land; application of remedies to the various pests to which agriculture is exposed; the found-

ation of credit institutions and the direct or indirect encouragement of those already existing, by establishing themselves as mediums between their members and such credit institutions; the foundation of co-operative, mutual and insurance institutes, institutes for the assistance and pension of the sick and aged, institutes applicable to agriculture, including cattle insurance societies etc.

Unions of Agricultural Associations of the above character are also considered as syndicates by the law.

The Agricultural Syndicates thus defined are civil persons in terms of article 38 of the Civil Code. They may therefore purchase and possess property of any sort, enter into engagements and exert their rights in civil and criminal matters in conformity with the laws and rules under which they are constituted. They may be formed, transformed, united and dissolved without being obliged to pay tax therefor. They enjoy the same exemption with regard to their acts and the contracts they may make as civil persons. The institutions of thrift, co-operation, or credit formed by the agricultural syndicates based on the mutual principle and directly connected with the above syndicates, are only liable to taxation on their profits, in the case of dividends being paid to members.

For the greater encouragement of the syndicates, this law also declares that the customs dues upon machines, implements, seeds and all other agricultural articles they receive shall be repaid to them, whenever the Ministerial Department of Agriculture advises the Ministerial Department of Finance that this is desirable.

Difficulties had to be overcome in respect to the repayment of customs dues and the constitution of Syndicates it was desired to protect. There were 856 syndicates in 1908, 1,154 in 1909, and we know that their number has since then considerably increased.

Their action has been stimulated by two causes: first the rivalry between the syndicates of Catholic tendency and the others, and then the conviction that in Spain the Rural Syndicate Bank is the only defence against speculation in shares, usury and the increase of the cost of food.

The syndicate movement has already produced forms of institutions with objects as various as useful. We already find *rural syndicate banks, cattle insurance syndicate societies, co-operative syndicates for production, consumption, sale, purchase, co-operative wine syndicates, syndicates for irrigation* and others yet.

To understand their working, let us take, as example, the *Rural Catholic Bank Syndicate* of Cinco-Olivas (Saragossa) which is also a *Mutual Cattle Insurance Society*. Article 3 of its rules assigns to it as its object the moral and religious interest of the members, the formation of a rural loan and savings bank, the institution of a mutual cattle insurance society, the collective purchase of seeds, plants, machines or other articles useful.

in agricultural production, the instruction of the members and their children, including instruction in agricultural progress given by lecturers by means of experiments and the help of circulating libraries, etc.

The bank is formed of members of the syndicate, that is to say, that its members must belong to the syndicate. Anyone may deposit in it his savings, but loans may only be granted to members of the Rural Bank.

The minimum amount of deposit is 25 francs; every amount paid in is entered in a book belonging to the depositor, of exclusively personal title. At the end of the year 20 % of the net profits were paid into the reserve fund. Let us add to these details that, in order to be admitted to the Rural Bank, the consent of the Managing Committee of the Bank must be obtained, the entrance fee of 5 pesetas must be paid and every month at least 25 centimes deposited. The members of the Bank are *ordinary or joint and several*. The ordinary members must satisfy the above conditions; the joint and several members are mutually bound to guarantee the operations of the Bank. The Managers of the Bank can only be chosen from among them.

The maximum term for the loans is four months; they bear  $\frac{1}{2}\%$  interest per month or fraction of month. The loans granted must be secured upon amounts the borrower or his sureties have deposited.

The members of the Mutual Insurance Society must also be members of the syndicate. They must pay 1 % per month of the value of the cattle insured. The animals are insured for 75 % of their value.

The heirs of an insured person may succeed to his rights and duties. The same holds for the purchaser of the animal for which the insurance premiums have been paid, if he is himself a member, without which he would have no right to any claim in connection with the animal.

The Syndicate is strictly Catholic in character.

There are also other classes of agricultural syndicates, namely syndicates for irrigation and farmers' rural police syndicates. The former are composed of farmers who unite for the collective execution of irrigation works for the benefit of members. The latter try to increase the number of the Government police which they consider insufficient.

But there are only 8 syndicates of the first and 6 of the second type.

In the following table we show the numbers of registered agricultural syndicates at the end of 1909.

Agricultural Syndicates	983
"    "    Rural Banks	135
"    "    Agricultural Chambers	18
"    "    Mutual Cattle Insurance Societies	6
"    "    Mutual Fire Insurance Society	1
"    "    Farmers' Rural Police Societies	8
"    "    Irrigation Societies	6
Total	1,157



As to their territorial distribution, we find the greater number of agricultural syndicates in the Provinces of Valencia (73), Salamanca (70), Caceres (62) and Saragossa (62). The Rural Banks organized by the Agricultural Syndicates are found especially in the Provinces of Badajoz (24) and Cuenca (14).

More recently a certain number of new agricultural syndicates has been founded of which the official list, which refers to the syndicates registered in 1908 and 1909 takes no account. These are generally Agricultural Syndicates of Catholic tendency possessing a Rural Bank.

We must further mention the federations of syndicates and rural banks, the most important of which are to-day :

The *Federation of the Syndicates and Rural Banks of Navarre* which has founded a Provincial Bank for the assistance of the other banks ;

The *Agricultural Montañera Federation* of Santander which, also, intends to found a rural Bank ;

The *Federation of the Syndicates of the Rural Banks and Mutual Cattle Insurance Societies*, of la Rioja ;

The *Agricultural Mirobigense Federation*, etc.

But these Federations do not represent all the Syndicates of the country. Generally, they represent rather the Federations of the Catholic Agricultural Syndicates. However, when we consider that in Spain most of the Syndicates have Catholic tendencies, it will be understood that these Federations are not without importance, especially when it is seen that most of the Federations found central rural banks, which only assist the banks of the adherent syndicates.

#### § 5. Association Generally.

After having shown the development of agricultural association and co-operation in Spain in its various branches, we shall give a general idea of the advance made by it.

Up to 1899 its progress was rather slow. The first impulse was given by the *National Union* and the *Farmers' League*. The *Instituto Agrícola Catalan de San Isidro* on the other hand began to act in favour of agricultural organization. There were besides already the *Agricultural Chambers* instituted by Royal Decree of 14th. November, 1890, some other institutions founded in conformity with the general law of 30th. July, 1887 and again a certain number of *Juntas de Riegos*. But these were mostly isolated cases, the movement as yet was not general. This Institute of San Isidro was the first Federation to exist in Spain, under the title of *Catalano-Balear Agricultural Federation* and its field of action embraced the provinces of Barcelona, Tarragona, Gerona and

Lerida, the majority of the Regional Agricultural Associations of which it united. This Federation includes almost 200 associations and, far from its course being arrested today, it endeavours in every way to promote the formation of other associations.

Some years later, the *Agricultural Chamber of Cordova* united its efforts with those of the Institute of S. Isidro for the organisation of the *Betica-Estremeña y Canaria Agricultural Federation*; afterwards the *Agricultural Chamber of Tortosa* assisted in the foundation of an agricultural association extending its action over seven regions: Andalusia-Estrameña and the Canary Islands; Aragon (Vascongados, Navarre and Logrono); Galicia and Asturias; Catalonia and the Balearic Islands; New and Old Castille.

In addition, the *Farmers' Centre* busied itself with the foundation of the *Agricultural Federation of Old Castille* at Valladolid as well as with the *Agricultural Federation of Levante*. In 1903 the *Agricultural Federation of New Castille* was organised, an institution reformed on the 5th March, 1909, which has just opened a competition for the preparation of monographs on the question of rural police. Finally, in 1909, the *Agricultural Federation of Aragon* was founded.

The realisation of the plans of organisation thus depend on the existence of the three Federations. Their existence is purely *de facto*, as they have not been officially recognised, which, however, does not prevent their organizing congresses and exerting a remarkable action.

Their principal object is the development of the spirit of association and we have seen that in this respect the Government has not been slow to assist them, by the promulgation of the laws of 8th. July, 1898 and 28th. January, 1906 and the regulations of 19th. September, 1902 and 16th. January, 1908 on the *Farmers' Associations*, the *Rural Police Syndicates*, and the *Agricultural Syndicates*.

To sum up and give a general and synthetic idea of the matter, there are now 83 *Farmers' Associations* to which are also given the name of *Agricultural Communities*, and 1,273 *Agricultural Syndicates*. There are also in the *Levante* some *Orange Grove Co-operative Societies* on which we have not as yet any precise information. The number of *Agricultural Chambers* would be about 100, and there would be about 1,000 associations regulated by the law of 8th. July, 1898. Consequently, Spain would have about 2,500 agricultural associations including more than 500,000 farmers.

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## CO-OPERATION AND ASSOCIATION

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### FRANCE.

#### I. COMMUNICATIONS FROM THE GOVERNMENT

*The Agricultural Department, as Official Correspondent of the International Institute of Agriculture, has sent us the following note:*

The Commission for the distribution of the State advances to the Regional Mutual Agricultural Credit Banks met on the 25th. January, M. Méline, Senator and former Minister, in the chair, as substitute for M. Pams, Minister of Agriculture, prevented from attending.

After examination of the papers, the Committee, reserving the applications presented by 25 Regional Banks in terms of the law of 31st. March, 1899, proposed to assign them new advances to the total amount of 1,155,050 francs and to renew the former ones now nearly expired up to the amount of 1,757,000 francs, after repayment of an amount of 638,590 francs.

Then, in view of the allocation of advances amounting in all to 886,800 francs, it approved the applications made by 12 Regional Banks desirous of facilitating the long individual loans authorized by the law of 19th. March, 1910.

The Commission also pronounced itself in favour of granting the advances applied for by 18 agricultural co-operative societies, up to a total amount of 384,800 francs, in accordance with the law of 29th. December, 1906.

These advances, to be repaid in between 5 and 20 periodical instalments were distributed among 5 dairies, 3 *fruitières* or cheese factories, 7 societies for the utilisation of agricultural machinery, 1 wine society, 1 society for sale of agricultural produce and 1 distillery, in the departments of Jura, Deux-Sèvres, Eure, Seine-et-Oise, Var, Finistère, Seine-Inférieure, Loiret, Oise, Nord, Ain, Haute-Savoie.

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## II — CURRENT QUESTIONS.

### The 16th Congress of Popular Credit.

#### Sources :

HENRY CLÉMENT : Le XVI<sup>e</sup> Congrès du Crédit populaire à Limoges, 12-15 Octobre 1911. (*The 16th Congress of Popular Credit at Limoges, 12th-15th October, 1911*) in the *Bulletin mensuel du crédit populaire*. Paris. Number for October-November, 1911.

MAURICE DUFOURMANTELLE : Examen critique des propositions de loi sur le crédit populaire urbain (*Critical Examination of the Proposed Laws on Urban Popular Credit*). Report presented at the 16th. Congress of Popular Credit at Limoges. Id

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Text of the Resolutions passed at the 16th. Congress of Popular Credit in the *Bulletin mensuel du crédit populaire*. Paris. Number October-November, 1911.

Bill on Urban Popular Credit Societies, Drafted by the Office of the *Centre Fédératif* in execution of the resolutions passed at the 16th Congress of Popular Credit. Idem.

#### § I. The Importance of the Limoges Congress.

The Congresses organized by the Federative Centre of Popular Credit under the protection of MM. Rostand and Rayneri are great events in the domain of co-operation since matters of the greatest urgency and of capital interest for the organisation of co-operative credit, both urban and rural, are there passed in review.

The 16th. Congress held at Limoges from the 12th. to the 15th. October of last year was of still greater importance than its predecessors. After noting the ordinary communications on the progress of the existing societies, it gave itself up to the discussion of the right fundamental principles for the initiation of the new system of co-operative credit that it is desired to institute in France in behalf of the middle classes of the urban centres, as has been done for the rural classes.

In the fruitful discussion on the subject the two following principles prevailed :

(1) credit to small "industrials," merchants, etc., must be based not on State financial intervention, but on social action due exclusively to private initiative.

(2) it should derive its means from local economy and render local labour fruitful.

So much premised, let us briefly set forth the various matters dealt with by the Congress.

## § 2. *Popular Banks and Similar Associations.*

In his opening speech, M. Rayneri, president of the Congress, after tracing the evolution of the methods of organising credit showed how the latter had advanced by the union of intelligence, honesty, economy and industry. Thus, to this fertile union was due the magnificent development of the Italian Popular Banks, and in the centre and South West of France, the happy results of the banks of Mentone, Antibes, Dijon, Marseilles, Limoges, etc. The "Federative Centre", which in 1906 included 664 popular credit societies, now includes 1,161.

Such institutions would extend far more considerably if the principle were established of directing a large part of the local savings to the local credit associations. These ideas are accepted by Prof. Sitta, of Ferrara, who cites as an example the marvellous progress made by popular credit in Italy ; and M. Maurice Colrat, who shows on his side that France, while one of the richest countries in the world and able to boast of the best large banking organisation, has not been sufficiently prompt to found credit institutions in behalf of small tradesmen and small "industrials." The matter is of the greatest urgency, if we reflect that small enterprise is continually menaced by large enterprise. The excellent results obtained by the various People's Banks founded under the auspices of the Co-operative Centre show how necessary it is to extend their use.

Thus, for example, the Limoges People's Bank, founded in 1910, closed the accounts of its first working year with 4,226 bills representing the amount of 946,411 francs; its capital had reached the amount of 52,900 francs, its reserve fund, 2,645 francs and its profits were 1,208 francs.

The *Metz People's Bank* (Lorraine Co-operative Credit Society) has 5,696 members and 26 millions of deposits.

The *Dijon Mutual Credit Bank* and *Havre People's Bank*, likewise, witness to the benefits to be derived from a wise organisation of urban credit.

In the rural domain, the results of co-operative credit are no less satisfactory as the reader of this Bulletin has already seen. The region of Limoges has the thriving *Regional Mutual Agricultural Credit Bank of Haute Vienne*, which possesses a capital of 71,280 francs and has discounted bills to the amount of 600,000 francs; Haute Savoie, with its Federation of Mutual Agricultural Credit Banks of the Canton of Thônes furnishes an interesting example of what good credit organisation can do for the farmers. In this region where dairy cow improvement is of great importance, the rate of interest was up to recent years 12 %; thanks to the institution of local banks it has been reduced to 3 %. The 13 societies of the Thônes group adhering to the "National Bank of the South East," have 266 members. The discounts effected by them in 1911 represent 660,817 francs. Their deposits amounted to 84,746 francs and their reserve funds to 1,513 francs. With regard to them M. Mermillod showed in his report how many of these banks have been eager to attract a certain amount of deposits, by reason of which they may have an independent existence. The Communal banks of the Thônes group grant loans at 3½ %; in the cantonal bank the rate is 4 %. This Bank adopts the principle of liability limited to its paid up capital, which is 30,000 francs. The local banks have adopted the principle of joint and several unlimited liability.

On the proposal of M. Dufourmantelle, the Congress passed the following resolution:

"The Congress affirms anew that the true principle of the organization of popular agricultural credit is that the local banks should not rely solely on the assistance of the regional banks in carrying out their operations; but they must, on the contrary, aim at ensuring their autonomy, liberty and independence and relying on themselves, on their own resources, their reserve funds and the local deposits, above all those for a period of time, which they are able to attract to themselves, submitting themselves to the rules governing the working of banks, the regional banks having only to play an auxiliary rôle with respect to them."

### § 3. Visit of the Congress to some Social Institutions.

The programme of the Congress included some excursions to visit certain social institutions aiming at completing the work of defence and assistance of the middle classes.

We shall mention among these institutions the *Haute Vienne Chamber of Trades*, founded on the 17th. March, 1911, at Limoges, under the auspices of the Chamber of Commerce for the purpose of modifying the apprenticeship

system, at present in a seriously critical condition. The rôle of the association consists in the institution at Limoges and in the department, of free professional courses for the instruction of young apprentices or even adults ; its object is further to excite among the workmen an enthusiasm for their trade, to make them understand the nobility of labour and to develop in them the sentiment of their professional and social duties. To reach these ends, the association organizes shows and exhibitions with prizes; it submits the young men to examinations, assigns them certificates, and helps them to find employment.

The *Limoges Star* (*Etoile de Limoges*), a co-operative society with fixed capital and limited liability, has for its object the purchase, and building of houses and their arrangement in various apartments with gardens, laundries, baths, etc., in conformity with the law on cheap dwelling houses.

The capital of the society amounts to 120,000 francs, in 4,800.25 franc shares (*actions*), payable, one tenth at date of subscription and the rest in monthly instalments of at least a tenth. Each share bears interest not exceeding  $3\frac{1}{4}$  %. They are personal and indivisible. The building of a house requires a vote of the Council. A group of members may ask for a house to be built for several families on condition of their inhabiting it themselves and accepting joint and several liability.

The Limoges co-operative societies began building in 1908, with a house consisting of a certain number of apartments of two or three rooms each, provided with drinking water, water closets, wine cellars, a common laundry, etc. The house cost 53,000 francs ; the rent of the apartments varies from 160 to 200 francs. When starting work the society had not the necessary capital, but it obtained from the Savings Bank a loan of 30,000 francs at 3 %, to be repaid in instalments in 30 years. In September, 1909, 16 tenants selected by lot from a list of 133 applicants were installed in the new building. The profits made in the last four months of the year 1909 sufficed to pay the working expenses for the year and the interest on the loan. In 1910 the society paid out 700 francs for general expenses ; the amount it had available formed the basis of the legal reserve fund and some hundreds of francs were taken from it for the special reserve fund. In 1911 it repaid 500 francs to the Savings Bank and paid its shareholders a dividend.

The *Etoile de Limoges* has made trial of an ingenious system for the increase of the number of its members: it has founded, as a dependency, the *Provident Co-operators' Medium*. The object of this society is to provide its members with the means of converting into *Etoile* shares the bonuses they obtain through co-operative distribution. It has also founded an insurance society to guarantee payment of the annual instalments, in accordance with the law on cheap dwelling houses, in case a workman



desirous of becoming possessor of a cottage dies before having fulfilled his obligations. It has finally founded a society against unavoidable unemployment.

The *Montceau-les-Mines People's Bank*, called "La Prudence," has also occupied itself with cheap houses; it has facilitated the building of 170 cottages, by granting loans varying from 1,500 to 4,000 francs, guaranteed on mortgage or on life insurance.

#### § 4. *Problems connected with the Organisation of Popular Credit.*

*Long Date Agricultural Co-operative Credit.* — The reader of our Bulletin (1) already knows the organization of French agricultural credit in its various forms. We shall then confine ourselves to mentioning again here that the law of 19th. March, 1910 authorizes the mutual agricultural credit societies to lend for long terms (15 years) to farmers with a view of facilitating for them the purchase and improvement of small farms. These loans may not exceed 8,000 francs and are secured on mortgage or life insurance. After a report presented on the subject by M. Montet, Manager of the Regional Bank of Ile-et-Vilaine, the Congress approved a resolution recommending the agricultural societies to see that the 1910 law is observed within the precise limits it has laid down (2); only to grant loans on first mortgage reserving for exceptional cases those secured on insurance; not to grant loans at too low a price to avoid giving these operations an appearance of charity; to manage that the regional banks are direct creditors of the borrower, on the joint and several security of the local banks. Further, the desire was expressed that mortgage bonds passed in connection with long loans be exempted from the necessity of the ten years' renewal, that these loans may enjoy the same privileges as the loans of the Land Credit Institute as far as relates to the clearing of legal mortgages, etc., etc.

*Business Relations between the People's Banks and the Agricultural Credit Banks.* — After a Report by M. Pasquier-Bronde, the Congress expressed a desire for the establishment of cordial relations, on the one hand, among the popular Credit Societies of the urban centres, and, on the other hand, between these and the mutual agricultural credit societies: the first will be able to rediscount the bills and acceptances of the others, and lend them money at moderate rates. Finally, the desire was expressed

(1) See our article "Co-operative Agricultural Credit and its Results during the Year 1911-1912". Bulletin for January, p. 69.

(2) See especially the article: "Long Agricultural Credit: its Characteristics and its Role". Bulletin for April, 1911, page 207.

for the constitution of regional groups to unite the two classes of society in fraternal co-operation.

*Relations between the Bank of France and the Urban Credit Societies.* After hearing the report on this subject, presented by M. Sévène, president of the Lorient People's Bank, the Congress unanimously passed a special vote of thanks to the Bank of France for the services it has rendered up to the present to co-operative credit; it further desired that continually closer relations might be established between the great institution and the people's banks, and that these should be instructed, like the Agricultural banks, to institute, as branch offices of the Bank of France, a larger number of places for banking business.

*New Proposals for Laws for the Reorganization of Urban Popular Credit.* -- Among the problems discussed in France by the organizers of the movement for the defence of the *middle classes*, that relating to cheap credit is certainly one of the most important. For ten years the farmer has been in possession of a system of co-operative credit with State support: the small "industrials" and small tradesmen of the urban centres are now to be offered a similar system of thrift.(1)

How is this credit to be organised? Should appeal first be made to the State or should the first steps be left to the initiative of the parties concerned?

On this point, M. Dufourmantelle, who presented a report, specially criticised the bills presented by Senator Codet and Deputy Chaulet (2) for the institution of a central mutual credit bank.

According to these two proposals the mutual credit societies may be instituted by labourers, tradesmen, industrials or societies, even co-operative societies. M. Codet is of opinion that the members (except the co-operative societies) should be regularly registered on the patent rolls; M. Chaulet wishes the tradesmen, labourers and "industrials" to form part of a professional syndicate, and he asks for the above registration only in case of their being no syndicate union. The urban popular credit societies would be under the régime of the law of 1894 on the local agricultural credit banks.

(1) The law of 29th December, 1911 (*Journal Officiel*, 30th June, 1912), approving the agreements of 11th and 28th November, 1911, entered into between the Government and the Bank of France and sanctioning the modifications introduced into the régime of the latter establishment as a condition of its preserving its privilege as Bank of issue until the 31st December, 1920, has established that the Bank shall make the State a new advance of 25 millions to be reserved until the law establish the conditions under which they shall be allocated to credit institutes, either as new subsidies to agricultural and maritime credit, or for the organisation of credit to the industrial and commercial middle classes.

(2) *Journal Officiel*, Doc. Parl. Senate, 1910. No. 359 and Chamber of Deputies, 1911, no. 802.

The regional banks, instituted in conformity with the law of 1899, would discount the bills and acceptances of the local banks, grant the latter loans for their working capital and the co-operative societies loans to be repaid in 15 years, according to M. Chaulet, in 25 years,, according to M. Codet. The first would further desire that the regional banks be empowered to grant long loans to local societies or their members. The regional banks should be founded where the parties concerned think fit. According to M. Chaulet, on the contrary, each department should possess at least one regional bank. In either case they should be intermediate organs between the local banks and the *Central Mutual Credit Bank*, the foundation of which is the new point in these proposals. The seat of this Bank would be at Paris, and its initial capital would be constituted, according to M. Codet, by a sum of 5 millions paid by the State, and, according to M. Chaulet, by a capital of 100 millions that the Bank of France should provide to the State as an advance, as a condition of the renewal of its privilege. The Government would manage this bank at least indirectly, appointing its officers and creating a special supervision commission.

M. Dufourmantelle criticized these two proposals, both in their details and in their fundamental principles. According to him, the licence principle does not constitute a bond among tradesmen any more than the tax does among tax payers. A central bank remote from co-operative interests would work with insufficient facility and in the principle of intervention, he sees a risk of weakening the sentiment of responsibility and concord in which lies the strength of mutual credit.

These bills have met, besides, with opposition: the *Association for the Defence of the Middle Classes*, the *Federation of French Retail Dealers* and 145 chambers of commerce out of 148, have pronounced against them.

After a long and animated discussion, the Congress approved the conclusions of the "reporter" against the concentration of popular credit in the hands of the State, and passed the following resolution:

"That urban popular credit should be provided with an organic law, on the lines of the law of 5th. November, 1894, on agricultural credit societies, simplifying and specifying the formalities for the foundation of the urban popular credit societies and granting them a reduction of costs and relief from fiscal burdens, basing them upon the professional syndicates, mutual aid societies, co-operative societies and associations under the regime of the 1901 law ;

That the law of 20th. July, 1895 on Savings Banks be revised to give greater liberty to the Savings banks to employ their own capital or a portion of their deposits on works of social utility and especially of popular credit ; with the guarantee of the State for the security of the depositors according to the Belgian system."

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§ 5. *Itinerant Social Thrift Lecturerships.*

After a report presented by Prof. Sitta of Ferrara, who showed the happy results obtained by these institutions inaugurated in Italy for the popularisation of the methods and ends of the various forms of thrift, the Congress passed the following resolution :

“ That the State, the departments, the Communes, the large commercial, industrial and agricultural groups as well as the savings and thrift institutions already existing should effectively second the experiments private initiative may make in favour of the foundation of itinerant lecturerships, which have given such good results abroad, especially in Italy.”

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# CO-OPERATION AND ASSOCIATION

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## ITALY.

### I. — CURRENT QUESTIONS

#### I. Agricultural Purchase Societies in Italy and the Work of the „Federazione dei Consorzi Agrari. „

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##### Introduction.

Collective purchase is an important part of agricultural co-operation, intended as it is for the protection of farmers against the exaggerated cost and frequently inferior quality of farm requisites. The Italian Agricultural societies practised it even before the existence of professional

syndicates in France. In fact, in 1835, when still at its start, the *Associazione Agraria Friuliana* bought for the account of its members, silkworm eggs, kitchen garden seeds, and agricultural machinery and implements. Yet, it was only in 1887 that explicit mention was made of it for the first time, in a Farmers' Congress at Siena. The matter was introduced by Count Gherardo Freschi. Enea Cavaliere, who presented the report on the matter, concluded with the affirmation that it would be well, for the *comices* (1) and all other voluntary agricultural associations to imitate the example of the action then under trial (2) in France. The Congress gave its approval. Then special divisions for collective purchase began to be formed in the *comices* or other already existing associations; separate institutions were formed sometimes on the model of the French syndicates, sometimes on that of the Italian co-operative societies.

This variety of type amongst the societies for collective purchase increased from day to day, so that to-day in Italy the consortiums properly so called are not alone in practising it. It is true they are the most numerous, but many other institutions also engage in it. These are, for example, the voluntary agricultural *comices* and associations, agricultural syndicates, unions and clubs, the rural banks, etc. (3) There are no statistics on the matter. But, lately, the *Federazione italiana dei consorzi agrari*, which unites more than 600 institutions of this character, has terminated an enquiry into its federated societies. It published the results in its second yearbook (1911), a large volume of 500 pages, with information upon 420 societies for the year 1909. This work is divided into three parts: in the first, the work done by the Federation from its foundation up to 1910 is described; in the second, there is a summary of the information furnished with regard to the various organizations, with the statistical data examined in relation to the agricultural economy of the various localities so as to permit of the reader understanding the differences to be observed between province and province; lastly, in the third, there are very

(1) The Agricultural *Comices* of Italy were first founded by the Minister Cordova in conformity with a Royal Decree of 1866. From 1870, that of Chiavari has sold farm requisites to its members at cost price.

(2) The law on professional Syndicates was first promulgated in France on the 21st. March, 1884. Encouraged by the facilities that this special legislation with rather liberal provisions offered agriculture as a means of escape from the serious crisis it had just passed through, the French farmers profited largely by it for the conduct of operations demanded by the exigencies of modern agriculture, on the co-operative system. There followed a rapid extension of syndicates. At the end of 1910, they were five thousand.

(3) It is reckoned that the total number of institutions engaged in collective purchase in Italy amount to-day to more than 1,500, 750 of them being Co-operative Agricultural Consortiums.

important details, these are : the numerical relations between the purchase societies, the rural population and the cultivated area ; as well as data on the general consumption of chemical manure in Italy and the amount of it provided through the medium of the co-operative societies.

Previous to this enquiry, the same Federation had made another in 1899 ; which dealt with 192 institutions in 55 provinces (1).

We now propose to give our readers the general results to which the researches that have just been made have led, not without first briefly sketching the work of the *Federazione dei consorzi agrari*, which unites the larger and more important part of the purchase societies and is the chief of the agricultural organizations now existing in Italy.

#### § 1. *The Work of the "Federazione italiana dei consorzi agrari" ..*

The Italian Federation of Agricultural Consortiums was founded at Piacenza in April, 1892 on the initiative of Enea Cavaleri, Giacomo Riva and Giovanni Raineri, three persons who have done much for Italian National Economy. They saw the necessity for a body of this character, both to direct and facilitate the movement of organization in purchase and sale, and to safeguard the interests of the societies against dishonest contractors. In the deed of foundation of this Federation there figured amongst the members 18 societies and 32 private members whilst to-day about 700 societies and more than 500 private members adhere to it.

In conformity with its rules, this Federation first encourages the formation of agricultural consortiums, then it contributes to increase the development of those already existing.

Further it gives them unity of direction and action and, at the same time it does all it can to ensure the prosperity and progress of agriculture and of the rural classes. As we must be brief in our examination of its work, we shall limit ourselves to the chief forms of its activity.

1. *Collective Purchase* — Among these forms without doubt collective purchase is the most important. If, in fact, we consider the last decade, we see, first of all, that the amount of goods delivered to members rose from 4 millions in 1900 to 9 millions in 1905 to arrive later at 13½ millions in 1910. In purchasing, the Federation is above all largely occupied with the good quality of the merchandise and the due proportion of the various

(1) These institutions had together somewhat more than 45,000 members and their purchases amounted to about 15 million liras. This was largely the result of the seven years of the existence of the federation, the opening and most difficult years. See on the subject, the first " *Annuario dei consorzi agrari italiani* ", published by the Federation at Piacenza in 1900. Typ. V. Porta



ingredients. For manure, it has to this end adopted the system of analysis. Independently of its efforts to obtain an efficacious law against the adulteration of manure, it has opened an international competition for the discovery of a practical method with the object of ascertaining the adulterations to which the superphosphates have been submitted. The Federation has also applied for and obtained special facilities for the railway carriage of the said goods.

In the beginning the most considerable purchases made by the Federation were of superphosphates. It limited itself to obtaining better prices from the producers in consideration of the quantities it could buy, by stimulating competition among them. But when the producers combined to keep up the prices, the farmers conceived the idea of themselves becoming producers with the support of the Federation. Thus the co-operative superphosphate factories were started. There are now fourteen of them. There is a central office of the Federation for their management and the protection of their interests. In addition, the basic slag market was in the hands of a few importers who had a monopoly of this article. In spite of this, since 1896 the Federation has managed to obtain it on very favourable conditions. It imported 217,000 quintals in 1903, that is to say, more than half the total amount imported. In 1906, the amount it imported was already 328,398 quintals, reaching 561,431 quintals in 1910.

It was more difficult to reach the producers for purchase of nitrate of soda. It was no longer merely a case of establishing direct relations with the place of production (Chili), but the questions of freight, credit, etc., had to be settled. Gradually, the Federation overcame these difficulties. In 1903 it already had sailing vessels of its own. That year, it consigned 69,752 quintals of nitrate to its members. In 1906, the amount consigned was 91,819 quintals and during the year 1910, 101,233 quintals.

The Federation is also of great service in the purchase of sulphate of ammonia, potassium salts, oilcake, wheat for sowing, etc. It has even occasioned a larger consumption of potassium salts. It considered in fact, that, in contrast to what had taken place in the North of Europe, where the consumption of the various fertilisers is more considerable, in Italy the employment of potassium salts was limited in comparison with that of the phosphate manures. In order to increase it, in 1908 the Federation began to import it directly from the Stassfurth syndicate, for the benefit of the agricultural societies of Italy. That year the quantity of chloride and phosphates imported were 28,864 quintals and that of kainite 14,368 quintals. In 1910, the figures were respectively 44,975 and 19,024 quintals.

2. *Profit and Loss Sharing Associations.* — The figures already reached for collective purchase of the principal manures and anticyptogamic substances are excellent, when we add the evident influence the Fed-

eration has had upon prices. However, its work has not stopped there. In fact, still better to control the market for farm requisites, and to come into continually closer relation with the affiliated consortiums, it has decided to let them share directly in the profits and losses on the commercial operations conducted by it; basing itself on the principles of profit and loss sharing association as laid down in the Italian Commercial Code (arts. 233-238) and as we have described it in the Bulletin of Economic and Social Intelligence for November-December, 1911, (p. 88).

The associations participating, divided into groups for large wholesale purchase, average purchase, and retail purchase, form a committee with the right to assist the Federation in its commercial operations. The Federation alone is responsible towards outsiders. The societies are only bound to receive the goods they have ordered at the price agreed on, plus the expenses. With a contract of this character it is easier from the start to collect large quantities of goods, and this permits of better prices being obtained. Amongst the operations conducted on this system we must note those in relation to basic slag, nitrate of soda and potassium salts as having been very successful.

3 *Various Initiatives.* -- Besides this commercial action of the Federation, it also exerts others of various kinds, itself undertaking the initiative or simply associating in it. Let us mention some of the most important. In 1906 it published its enquiry into collective farms in Italy just when a very important bill was drawing the attention of the country to these new and interesting organizations. It then undertook the study, especially on behalf of the farmers in the South, of the important subject of irrigation by means of reservoirs of crown form in regions until then without water. Convinced, besides, that the problem of credit once solved, there were a large number of others relating to agriculture which would be satisfactorily settled, the Federation, under the guidance of Luigi Luzzatti, gave all its attention to a scheme for a Central Agricultural Credit Bank to be founded with a capital of at least 10 million francs, by the co-operation of the People's Banks and Savings Banks. Under another form, but with the same object, the Hon. Signor Luzzatti, on his assumption of power, presented to Parliament, a bill for the foundation of the Bank of Labour and Co-operation (1), 11th. February, 1910.

Finally, from 1902, there has been an active interchange of ideas and proposals with a view to an international understanding in matters of agricultural co-operation between the Federation and the *Reichsverband der deutschen landwirtschaftlichen Genossenschaften*, the great German institution at Darmstadt. In fact, in a meeting at Lucerne of the representatives of the above mentioned organizations and those of the federations of Austria and Switzerland, it was decided to found an International League of Co-

(1) See: *Bulletin of Economic and Social Intelligence*, No. 1. September, 1910. p. 307.

operative Agricultural Federations. Thanks to this agreement, the said institutions, while preserving their independence and respecting the conditions special to each country, are strengthened in their action by the bonds of solidarity uniting them. The task of the League is to aid in the development of rural co-operation, by exciting a movement in favour of organization where such is wanting. It must also bring the associated Federations to useful agreements, in matters of credit, purchase and sale, especially in opposition to the manufacturing syndicates. The League has already held two congresses, one at Vienna, and the other at Piacenza, and several meetings of its Board have been held at Vienna, Munich and Darmstadt, etc.

*Progress of the Federation from*

Years	Members		Shares (actions)	Capital		Total	Real value of Shares (actions)	Value of Goods Delivered to Members
	Agric- ultural Societies	Indi- viduals		Share Capital	Reserve Fund			
	Number	Number	Number	Frs.	Frs.	Frs.	Frs.	Frs.
1892 . . . . .	56	32	158	3,950	250	4,200	25 "	..
1893 . . . . .	65	207	465	11,625	1,360	12,885	25 "	711,147
1894 . . . . .	81	247	594	14,850	6,373	32,223	33 "	753,401
1895 . . . . .	94	264	638	15,950	8,854	24,804	38 "	810,435
1896 . . . . .	105	282	690	17,250	12,596	29,846	42 "	1,568,528
1897 . . . . .	115	296	735	18,375	19,952	38,327	52 "	2,118,629
1898 . . . . .	127	302	775	19,375	26,572	45,947	59 "	2,656,003
1899 . . . . .	173	330	1,729	43,225	18,232	61,457	35 "	3,944,876
1900 . . . . .	221	348	1,868	46,700	32,981	79,681	35 "	3,806,789
1901 . . . . .	266	370	1,973	49,325	35,178	84,503	42 "	4,086,288
1902 . . . . .	300	377	2,058	51,450	45,242	96,692	47 "	3,992,139
1903 . . . . .	364	389	2,178	54,450	56,746	111,196	50 "	5,374,632
1904 . . . . .	409	397	2,300	57,500	68,784	126,284	54 "	7,824,537
1905 . . . . .	460	472	2,453	61,325	82,785	144,110	58 "	9,389,188
1906 . . . . .	493	479	5,028	125,700	31,876	157,576	31 "	10,613,633
1907 . . . . .	546	492	5,136	128,400	41,344	169,744	33 "	15,068,026
1908 . . . . .	565	499	5,192	129,525	50,634	180,159	36 "	15,686,158
1909 . . . . .	590	503	5,199	130,725	60,051	190,776	38 "	11,326,201
1910 . . . . .	618	522	5,680	142,000	74,572	216,572	39.50	13,448,499

We must not omit either the part taken by the *Federazione dei consorzi agrari* in other undertakings of general interest, especially in the formation of the *Federazione nazionale delle casse rurali italiane*, the *Unione nazionale delle lotterie sociali*, the *Comitato nazionale della mutualità agraria*, and finally, that of the *Confederazione generale delle cooperative e mutue agrarie italiane*, institutions with which the reader of the Bulletin of Economic and Social Intelligence is already acquainted.

4. *Progress of the Federation from its Foundation up to 31st. December, 1910.* — This is shown in the following table, in which information will be found with respect to the 19 working years of this institution.

*Foundation up to 31st December, 1910*

Gross Profits	Expenditure and Losses	Net Profits	To Reserve Fund	To Share holders	To Purchasers	To Employees	To Propaganda Fund
Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.
..	..	..	..	..	..	..	..
22,231	11,222	11,009	3,948	665	3,458	864	864
18,805	14,601	4,204	1,864	804	1,023	255	225
18,209	10,746	7,463	2,751	1,143	2,378	594	594
28,218	12,858	15,360	6,166	1,095	5,399	1,349	1,349
31,488	18,379	13,109	5,202	1,087	4,547	1,136	1,136
46,720	24,024	22,396	9,185	1,111	8,066	2,016	2,016
71,281	41,608	29,673	12,377	954	10,894	2,723	2,723
57,593	56,566	1,027	87	886	35	8	8
92,446	72,708	19,687	8,089	942	7,104	1,776	1,776
138,083	118,088	19,995	8,202	988	7,202	1,800	1,800
123,825	103,472	20,253	8,335	1,042	7,317	1,829	1,829
155,424	134,511	20,913	8,560	1,083	7,514	1,878	1,878
160,020	136,781	23,239	9,531	1,154	8,370	2,092	2,092
188,700	167,056	21,644	8,326	2,451	7,244	1,811	1,811
239,270	216,778	22,491	8,662	2,521	7,538	1,884	1,884
321,037	298,434	22,603	8,696	2,557	7,566	1,891	1,891
301,340	297,412	21,927	8,393	2,589	7,296	1,824	1,824
297,819	274,671	23,147	8,337	4,039	7,180	1,795	1,795

**§ 2. General Results of the Enquiry into the Italian Agricultural Purchase Societies.**

We cannot follow the volume on the enquiry through the hundreds of pages it contains ; we must rather limit ourselves to the general data. It gives for each region of Italy, for each province, the history of the co-operative movement peculiar to it. Passing from one region to another, we clearly see the various stages of the movement, indicated by certain signs, such as the number of the associations and their members, the amount of share capital, that of the reserve fund, and of the sales made each year by the societies to the farmers.

Generally, it may be said that it is above all the regions of Northern Italy, Piedmont, Lombardy, Venetia and Emilia that contribute to the advance of this form of co-operation. Tuscany, Apulia and Sicily contribute less to it but their progress is still as deserving of consideration. In the other regions of the country, co-operation is still in its infancy.

Taken all together the sixteen regions of which Italy consists presented the following situation in the year 1909 to which the enquiry refers.

Federated Purchase Societies . . . . .	420
Members . . . . .	124,848
Share Capital . . . . .	Frs. 9,689,224
Reserve Fund . . . . .	» 3,708,355
Sale of Farm requisites . . . . .	» 80,957,984

As to the importance of the movement in the various localities, we see that in number of purchase societies, Piedmont ranks first with 62 ; then come Lombardy, Tuscany, Venetia, Emilia, Campania and Sicily.

In number of members Piedmont again exceeds the other regions, and is followed by Lombardy, Venetia, Emilia, Apulia and Tuscany.

For capital owned by the societies, Lombardy gives the highest figures, 1,727,000 frs. capital and 870,000 frs. reserve fund. After it come Venetia and Emilia.

As to the commercial operations we have the following data: Venetia supplies the most superphosphates to the farmers : or 1,032,863 quintals. Then come Lombardy, Emilia, Piedmont and Tuscany.

The societies of Emilia provide the most basic slag.

Lombardy, Piedmont, Tuscany and Emilia consume a good deal of sulphate of ammonia.

In Lombardy a maximum of 64,787 quintals of nitrate of soda is consumed. Venetia, Piedmont, Emilia, Tuscany follow in order with regard to the amount of this article consumed.

The consumption of potassium salts is greatest in Venetia and Lombardy. After these two regions come Piedmont, Emilia and Tuscany.

Venetia consumes the largest quantity of anticryptogamic substances, 53,200 quintals. After it, Piedmont, Emilia, Tuscany and Lombardy consume the most.

In trade in seeds Emilia exceeds the others, with 56,946 quintals. Immediately after it comes Lombardy and then, at a greater distance, Piedmont, Tuscany, Venetia and Latium.

In the distribution of seeds of leguminous cattle foods, it is still Emilia that stands first, followed by Lombardy, Venetia and the Marches.

In concentrated foodstuffs, Lombardy exceeds the others. It consumes 93,054 quintals of oil cake and 35,659 quintals of other concentrated foods. Then come Emilia, Piedmont, Tuscany and the Marches.

Lombardy and Emilia use most agricultural machinery, after them come Venetia, the Marches, Tuscany and Piedmont.

Finally, Emilia shows the highest figure for total sales, 19,864,180 frs. Lombardy, Venetia, Piedmont, Tuscany and the Marches follow with progressively lower figures. We must also not omit to mention that according to the results for the working year 1910, which could not be considered by the enquiry, the sales already show an increase so that it is calculated that they have reached the figure of 90 million francs (1).

To give a still more exact idea of the progress of collective purchase in each region we give the following table prepared from the data provided by the enquiry. It shows the numerical relation between the purchase societies, the rural population and the cultivated area.

(1) In 1910 there was a considerable increase in the number of members, the share capital and the reserve fund.

REGIONS	Number of Societies	Number of Members	Agricultural Population	Cultivated Area Hectares	Average Number of Members per Society	Percentage of the Number of Members to the Rural Population	Average Number of Inhabitants corresponding to a Society	Number of Cultivated Hectares corresponding to a Society
Piedmont . . . . .	62	18,817	1,161,306	1,788,601	303	1.62	18,731	28,850
Liguria . . . . .	12	2,697	238,277	225,693	225	1.13	19,856	18,808
Lombardy . . . . .	47	16,952	1,162,191	1,511,264	361	1.46	24,727	32,154
Venetia . . . . .	38	13,987	979,368	1,680,620	368	1.44	25,773	44,227
Emilia . . . . .	35	12,155	795,768	1,550,326	347	1.52	22,736	44,295
Tuscany . . . . .	39	9,102	723,472	1,377,372	233	1.26	18,551	35,317
Marches . . . . .	20	5,342	403,711	805,238	267	1.32	20,185	40,262
Umbria . . . . .	12	2,681	246,309	690,665	233	1.09	20,526	57,555
Latium . . . . .	22	5,578	307,627	923,212	253	1.81	13,983	40,196
Abruzzi and Molise	21	7,442	590,083	1,283,177	358	1.26	28,099	61,103
Campania . . . . .	34	8,990	854,322	1,204,203	264	1.05	25,127	35,182
Apulia . . . . .	24	10,391	572,491	1,723,505	433	1.81	23,853	71,813
Basilicata . . . . .	4	497	199,859	718,781	124	0.25	49,965	179,695
Calabria . . . . .	12	4,164	470,927	1,008,484	347	0.88	39,244	84,040
Sicily . . . . .	34	5,283	767,957	2,280,416	155	0.70	22,587	67,071
Sardinia . . . . .	4	770	201,809	2,088,200	192	0.38	50,454	522,050
Total for the Kingdom . . . . .	420	124,848	9,666,467	20,859,757	297	1.29	23,015	49,666

Thus, as appears from the preceding table, the percentage of members to the rural population is highest in Latium and Apulia, where it is 1.81 %. This is because the rural population there is not very dense. In the province of Lecce the percentage is even 2.59. Piedmont comes third among the regions of Italy with 1.62 %. Next comes Emilia with 1.52 % but it must not be forgotten that in the province of Reggio it is even 3.62 %. Then comes Lombardy with 1.46 % ; we find however 4.38 % in the province of Mantua. The percentage falls to 1.44 % in Venetia, to 1.32 in

the Marches, 1.26 in Tuscany and the Abruzzi, 1.13 in Liguria, 1.09 in Umbria, 1.05 in Campania, 0.88 in Calabria, 0.70 in Sicily, 0.38 in Sardinia, and 0.25 in the Basilicata giving a general average of 1.29 %. If again we consider the relation between the number of societies and the area over which their action extends, we see that in Liguria there is a minimum of 18,808 hectares per society and even only 12,291 hectares per society in the province of Porto Maurizio. Then comes : Piedmont with an average of 28,850 hectares, but 14,077 hectares in the province of Alessandria. This percentage is progressively greater in Lombardy, Campania, Tuscany, Marches, Latium, Emilia, Umbria, in the Abruzzi and Molise, Sicily, Apulia, Calabria, Basilicata and Sardinia. In these three latter regions there are even respectively 84,040 hectares, 179,695 hectares and 522,050 hectares on an average per society.

The average proportion for the whole Kingdom is 49,666 hectares per society.

But what most clearly shows the importance of the purchase societies is the relation between the general consumption of manure in the Kingdom and that obtained through the medium of the societies. Indeed, it appears from enquiries made that, in the case of potassium manures, 57.5 % or more than half of the total consumed, is obtained through the federated societies ; the same is the case for 43.9 % of the phosphate manures and 38.3 % of the nitrogenous manures.

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PART II.

**INSURANCE.**



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# INSURANCE

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## GERMANY.

### CURRENT QUESTIONS.

#### Social Insurance in Germany and the German Farmer.

#### PART III.

#### The Provisions of the New Code concerning Rural Labour and their Importance for Agriculture in Germany.

As we have traced the genesis of social insurance in Germany and pointed out the chief innovations introduced into the Code by the new Law in the two previous parts of this article, we have now only to make an examination of the positive law on social insurance in so far as it concerns the agricultural labourer. The Code does not always distinguish the agricultural labourer from the worker in other trades, and we must take the various provisions scattered throughout from the second to the sixth book that may be of interest to us. As to the classification of subjects, we follow almost exactly that of the Code, first of all distinguishing illness (§ 13) accidents (§ 14) and invalidity (§ 15), but shall make the following subdivisions :

- (a) the whole number of the persons insured ;
- (b) payments made to those insured with insurance institutions ;
- (c) organisation, administration and supervision of insurance institutions ;
- (d) sources of revenue ;
- (e) penal provisions.

§ 13. *Provisions relating to Insurance against Sickness.*

(a) THE WHOLE NUMBER OF THE PERSONS INSURED.

Insurance against sickness, as we have seen, is an innovation for the greater number of agricultural labourers. With the exception of a few States which have outstripped in their own legislation that of the Empire, there are at the present time only the communal banks for the use of the rural working class and a Thrift Society for the servant class, analogous to the former as far as concerns payments.

From now onwards, however, all wage-earners, whether agricultural labourers, industrial workmen, domestic servants, *semaen*, or others, will be compulsorily insured in the same way.

Certain trades are excepted from this rule, however, in regard to the payments.

In regard to those persons who earn their livelihood in agriculture, the Law distinguishes those for whom sickness insurance is compulsory and those who are exempt from the obligation :

(a) *insurance is compulsory* for labourers, assistants, apprentices, domestic servants, employees and foremen, when they receive a remuneration for their work, either in money or in kind. Apprentices are an exception to the rule. Employees and foremen, however, whose wages are more than 2,500 marks, are not bound to be insured.

On the other hand, the following are considered as agricultural labourers: 1. individuals employed in an undertaking attached to a farm, or other rural enterprise such as dairies, distilleries, saw-mills, etc ; 2, those who work in an agricultural undertaking attached to an industrial enterprise ; and lastly, 3. servants employed in agriculture in addition to their usual work.

A future regulation of the Federal Council will define the categories of additional agricultural labourers subject to compulsory insurance.

Although they may belong to the above-mentioned classes, the following are dispensed from compulsory insurance, by way of exception :

(1) persons employed by the State, the Communes, certain public and State administrations, and those individuals who are occupied on the lands of the Duke of Brunswick and the Prince of Hohenzollern ;

(2) on the request of the master, apprentices working with their parents ;

(3) labourers out of work who are employed in settlements belonging to Charitable Institutions ;

(4) individuals who have been guaranteed compensation in the case of sickness by their masters, equal to the amount that would be paid by the insurance.

In the latter case it must be shown that the master is in a position to pay the said compensation out of his own means.

On the other hand, the master must make a collective demand for the staff regularly employed for more than two weeks in his farm or other business. This exemption, however, is available only for the duration of the contract for the work.

(5) the *insurance is optional* for labourers, assistants, domestic servants, employees and foremen for any one of the reasons indicated as not imposing the obligation of insurance, as well as for the members of the family of the master who work on his farm without a contract and without remuneration and lastly, for those masters who do not employ more than two insured salaried workmen, provided, however, in each case that these persons have not a higher annual wage than 2,500 marks. Certain other classes of individuals authorised, before the new Code entered into force, by the legislation of a confederated State, may be dispensed from the insurance obligation.

In any case the right to the payments accorded by the insurance ceases from the moment the person insured is in possession of an annual wage or income of more than 4,000 marks.

#### (b) PAYMENTS MADE BY SICKNESS INSURANCE SOCIETIES.

The payments due to the persons insured in the sick insurance societies may consist in assistance during sickness or confinement, or in case of death. The amount of this assistance varies according to the wage earned by the person insured. The insurance society, however, may grant supplementary payments, if such have been provided for in their rules. In general, an average of the wages received by the different classes of workers is established for the district of each insurance society, but the rules of rural insurance societies may fix the customary local wage as the average wage of the persons insured with them, and in this case the law requires employees, foremen and special labourers to be classed according to wages.

(a) Assistance *in case of sickness* may be granted :

1. in the form of care given to the sick from the beginning of the illness, and comprising medical treatment, medicine, bandages, etc. ;

2. in the form of sick pay equal to half the average daily wage. This sum is paid, in cases in which the sick person is unable to work, from the fourth day after the accident. If the patient does not become



incapacitated for work until after a certain period, the payment begins from the day on which his incapacity has been recognised.

After the lapse of 26 weeks from the beginning of the illness, or from the day when the patient began to receive sick pay, the insurance society ceases to make him any sick allowance of any kind, but, with the consent of the individual concerned, if he is married or lives with his family, the insurance society may send him to be treated in a hospital. In case the care necessitated by his condition cannot be given him at home, or if he is suffering from a contagious disease, or refuses to submit to the doctor's prescriptions, or if his condition requires constant supervision, he is sent to hospital without the previous formality of asking his consent.

If there are several hospitals to choose from, he may take his choice of them. In certain cases the insurance society has the right to send nurses to attend the sick person, and to arrange in its rules with his consent that the cost of this service be deducted from the pension to be paid in the proportion of one fourth of it. If a sick person who is sent to hospital is the entire or partial support of his family, the insurance society must pay to the members of the family a *subsidy* equal to half the pension.

The payments may be *increased* in the following manner ;

1. by the prolongation to one year of the period during which the sick persons may receive assistance ;
2. by the admission of convalescents into a convalescent home for one year at most dating from the expiration of the period during which the society allows assistance ;
3. by the gift of orthopaedic apparatus to those insured persons who have been deformed or crippled by an accident.

If the person insured is at the same time receiving a pension from another insurance institute, the payment to be made to him by the insurance society is as a rule reduced, so that the whole of the pension he receives does not exceed the amount of his daily wage. This provision may, however, be excluded or modified by the rules, which may also increase the proportion of the pension to the insured persons without distinction up to three quarters of the average wage and grant this pension to start from the first day of incapacity for work.

In addition, the rules may also provide that the pension allowed to the family of a person who is being treated in a hospital shall be equal, for holidays, to the full amount that would be due to the sick person ; to those persons who are being treated in hospital and whose family is not receiving any compensation, the rules may allow sick pay to half the amount prescribed by the law.

As far as regards agriculture, the pension may be reduced on the request of the master, who in this case must show ; 1. that he has made a year's contract with the person insured ; 2. that the latter receives during

this period either payments in kind which are more than the daily pension in the proportion of 1 to 300, or a wage which is equal to the daily pension and 3. that the person insured has a juridical right to these payments for one year.

In this case, if the person concerned should be attacked by a disease which continues beyond the period of his contract, the pension is paid to him and the master has to reimburse the amount to the insurance society. The same conditions hold if the employer does not pay the insured person the amount due to him. On the request of the sick person the society allows him the amount fixed by law, and then compels the employer to reimburse the amount.

The rules of the rural society may also decide, with the consent of the Superior Insurance Office, that all sick persons in receipt of a pension due from some other class of social insurance institute and amounting to more than the daily pension in the minimum proportion of 1 to 300 francs, shall be deprived of the latter pension. In this, however, as in the previous case, the insurance premium must be proportionately reduced.

The rate of the pension may also be lowered by the rules of the insurance societies, with the consent of the Superior Office, to a quarter of the average local wage, for the whole or a part of the period from October 1st. to March 31st. In this case also the premium rate must be reduced in proportion.

Lastly, the payment of sick pay may be absolutely or in part *refused*. 1. if the insured person has been guilty of some unlawful act towards the insurance society entailing the loss of all civic rights for a year from the expiration of the penalty; 2. for the term of the illness, if the latter has been designedly caused by the person insured, or if it has occurred in consequence of a fight in which he has taken part.

(3) *Assistance in cases of confinement* is granted to women who have been insured at least six months.

This assistance is equivalent to the pension paid to sick persons; but, whereas the period allowed for the payment of this pension is fixed at 8 weeks for women who work in industrial concerns, of which period 6 weeks at least must be counted from the time of the confinement, the rural societies are free to settle the length of such periods for agricultural women labourers within a minimum of 4 and a maximum of 8 weeks.

The simultaneous enjoyment of sick pay for illness and the allowance for confinement is prohibited.

The insurance society may: 1. pass the woman, with her consent, into a lying-in hospital, or; 2. have her attended at her home by a nurse, taking the payment for the latter out of the sum due to the sick woman, which payment, however, must not exceed half the amount due. If the woman confined in hospital supports her family wholly or in part by her

earnings, a certain compensation may be paid to the family corresponding to that mentioned above for sick persons treated in hospital.

In addition, the rules of insurance societies may provide: 1. that pregnant women who are incapable of working may receive a compensation equal to that paid to sick persons for 6 weeks, but in this case the amount of the compensation for two weeks of this period is deducted from the pension paid to the woman during her confinement; 2. that a woman who is confined may receive either medical attendance or be cared for by a midwife; 3. that insured women who suckle their infants may receive compensation during the suckling period which must not exceed the half of the pension. such period to be not longer than 12 months at most.

(γ) Assistance *in case of death* is paid at the time of the death of an insured person, and the sum is equal to twenty times the average wage of the deceased.

The society must also pay this money if the insured person dies in the course of the first year of his illness without having recovered his capacity for work. The burial expenses are first deducted from this sum, however, and reimbursed to the persons who have paid them. If there is anything left, it is paid either to the widow, or the children, father, mother, brothers and sisters who lived in common with the deceased, in the order given above. If there are no such heirs in existence, the amount that is left returns to the society.

By the rules of the society this sum may be increased to 40 times the amount of the average wage.

(δ) The insurance society may also grant an *extraordinary subsidy to the members of the insured person's family*, that is to say: 1. assistance in case of sickness to the members of the family who are not insured; 2. assistance to the uninsured wife of a member of the society; 3. assistance in case of the death of the wife or of a child. This compensation, however, must not exceed  $\frac{2}{3}$  for a wife, and  $\frac{1}{2}$  for a child, of the sum granted to the person insured.

Those persons who are compulsorily insured have a right to sick pay in case of necessity from the time of their registration with the society.

As to those who are optionally insured, the insurance society may, on the contrary, arrange for a preliminary period of 6 weeks at most before the insured person becomes entitled to compensation, and it can also establish that payments above the minimum prescribed by the law shall only be made to persons who have been insured for 6 months at least.

All payments in money, with the exception of the compensation due in case of death, are made at the end of every week. If an insured person who is receiving money from one insurance society should pass to another society, the latter will continue to grant the same payments in conformity with the provisions of its rules.

If, in consequence of being out of work, the members of an insurance society are unable to pay their premiums any longer, after having paid them regularly for at least 26 weeks of the current year or during the previous 6 weeks, their right to sick pay remains valid for three weeks from the date on which they ceased making the premium payments through lack of work. If the assistance granted for sickness in such a case is continued up to the death of the labourer out of work, the assistance must still pay the compensation due in case of death.

These rights are abolished in the case of the labourer out of work who is living abroad.

The payments are suspended :

1. if the claimant is detained in prison or in a house of correction. In this case, if the prisoner supports his family by his labour, the society must pay a pension to the family ;

2. during the absence of claimants who are living abroad without the consent of the chairman of the insurance society ;

3. if claimants abroad have been expelled from the territory of the Empire in consequence of a criminal condemnation; or if, for the same reason, they have been expelled from a confederated State and are not living in any other.

If persons with a right to this compensation desire to settle abroad, a round sum may be granted them as compensation, to replace the pension and other payments.

If an insured person falls ill abroad, and is unable to return to Germany on account of his condition, he receives the payments which are due to him from the society from his employer, who has to give notice of the case to the society within a period of one week, and the society then has to reimburse the amount.

The claims of the insured against the insurance societies are not valid after the lapse of two years from the date on which they are due.

#### (c) ORGANISATION, ADMINISTRATION AND SUPERVISION OF THE INSURANCE SOCIETIES.

The sickness insurance societies may be classed in three categories :

1. the local societies ;
2. the rural societies ;
3. the business societies ;

The local and rural societies generally have a sphere of action which corresponds to that of an insurance office. The superior administrative authorities, however, may make certain modifications in their rules, and the Confederated States, on their side, may prohibit, by means of their own

legislation, the coexistence of rural and local societies side by side. In any case, rural societies with less than 250 members cannot be founded near local societies. If the agricultural employers and insured labourers do not see the necessity for founding a rural society, the idea may be given up, with the consent of the insurance office. The foundation of a local society may also be dispensed with, if the superior administrative authority consents, in case that the number of compulsory members would not reach 250.

The local or agricultural societies may be founded on the decision of a *meeting of communes* (*Gemeindeverband*); if the districts do not take this decision in time, the superior insurance office acts for them.

1. All those persons who do not belong to a special society, such as agricultural societies, mining societies, etc., are insured in the *local societies*.

2. All those persons who are employed in agriculture, domestic servants, persons exercising an itinerant trade, those who work at their own homes and the persons employed by them, gardeners, etc., are insured in the *rural societies*, if they are employed in undertakings connected with agriculture. Other classes of workers may also be admitted to these societies, on the decision of the Federal Council. In the case in which any particular district has no local societies, the persons who would otherwise belong to these must become members of the agricultural society, and vice-versa.

3. *Business societies* may be constituted :

(a) if a rural undertaking, or several rural undertakings together give continual employment to 50 insured persons at least ; (b) if they do not endanger the existence of an already existing local or rural society; (that is to say, if the number of persons insured in these latter drops below 100) (c) if the payments prescribed by their rules are not inferior to those of the societies above-mentioned ; (d) if they appear to be capable of fulfilling their engagements in the future.

The request for the authorisation of such a society must be sent to the insurance office, which, on its side, gives notice to the other societies, asking them to give their opinion on the matter and submit the request to the superior office. The societies founded before the Code entered into force are subject to the same regulations.

The law provides in certain cases for a fusion of these societies. For instance, a rural society the members of which number less than 250 and the utility of which may be contested should be in connection with the local society. A local society in similar conditions must be connected with to the rural society. If the members of a local or rural society belonging to the district of an insurance office which includes several of these societies drop below 250, the society may be dissolved.

The business societies may be united or suppressed in the same manner.

Each society is composed, on the one hand, of its members, that is to say, the persons insured, and on the other, of its administrative body.

As far as the *compulsory members* are concerned, every person entering one of the categories subject to compulsory insurance becomes a member by the mere fact of his employment. All the members of a new business society acquire this quality from the very day of the foundation of the society. Those persons who are optionally insured become members of a society at their request, presented either verbally or in writing. If they are suffering from illness at the time of making this request, however, they have no right to payment from the society, which may require that a doctor's certificate as to their condition be handed in before it decides in favour of their admission.

The members retain their quality of membership even in the case of incapacity for work as long as they have a right to payments from the society.

Membership of a society ceases if the person concerned is registered with another society or when he no longer has the employment which renders the insurance obligatory. A person, however, who has been insured during the previous year for at least 26 weeks may retain his quality of membership. He must not transfer his domicile abroad, however, and he must inform the society of his intention to keep his membership within a period of three weeks from the time his work comes to an end or from the time the payments of the society cease.

Persons optionally insured lose their membership if they neglect to pay their insurance premiums twice running. The director of a society gives notice to the person insured that he has lost his membership if he learns that the latter is enjoying an income of more than 4,000 marks. All his rights are forfeited as the result of this notification.

The employers must inform the society that they have taken on new employees within a period of three days from the beginning of the employment; and the same period is allowed for the notification of the dismissal of an employee or of any modification in the contracts.

The administrative bodies of the societies include the management and an executive committee. The members of the management (*Vorstand*) of the societies elect their chairman (*Vorsitzender*); but in the rural societies the delegates of the Commune elect the chairman and the assessors.

A third of the members of the executive committee is formed of the representatives of the employers and the other two thirds of the representatives of the insured. In the rural societies, the delegates of the Commune select the third of the employers and two thirds of the insured from amongst themselves.

In the business societies, the employer or his representative, on the one hand, have the same functions, and, on the other hand the workers' delegates, the numbers of whom must not exceed 50. The employer presides at the sittings, and he has a right to a number of votes corresponding to half the workers' suffrages.

The members of the administration exercise their functions in accordance with the prescriptions of the law and the rules, which latter must be drawn up before the foundation of each society and must fix : 1. the denomination and headquarters of the society ; 2. the kind and rate of the payments ; 3. the premiums and terms of payment ; 4. the composition, rights and duties of the management ; 5. the composition and date of convocation of the committee ; 6. the form of the budget ; 7. the form of the annual statement and of its approval ; 8. the compensation to be paid to the members of the administration ; 9. the publication arrangements ; 10. changes in the rules.

Some employees may act as assistants to the members of the administration, for the purpose of aiding them.

As to the *resources of the society*, they must only be used for payments which are legal and in accordance with the rules, for working expenses and for the purpose of preventing disease.

Each society accumulates a reserve fund equal to the average annual expenditure of the last few years. The form of the bookkeeping is prescribed by the Federal Council.

The doctors attached to the societies are engaged by contract, and, the societies, except in urgent cases, are authorised to decline any payment to other practitioners who may be consulted by the persons insured. On the other hand, the societies may grant to the persons insured the option of one of two doctors, on condition that the expenditure is not too great. The societies are also authorised to make contracts with hospitals and certain pharmacies, which must make reductions of their usual prices for the benefit of the societies.

Control over these societies is exercised by the insurance office, except in certain cases concerning the hospitals and pharmacies, in which the superior office has the control.

#### (d) SOURCES OF REVENUE.

The resources necessary for the payments of the insurance against sickness are provided, in the case of compulsory insurance, by the employers (1/3) and the persons insured (2/3). In the case of optional insurance, the person insured pays the whole of the premium, which represents so much per cent of his average wage. (*Grundlohn*).

Those insured persons who are temporarily receiving a smaller wage than they usually earn, may, at their request and out of their own means continue to pay the premium of the class to which they have hitherto belonged. The premium which must not exceed  $4\frac{1}{2}\%$  of the average wage, does not have to be paid during illness and confinement. The law allows exceptions to this rule only in the case that the available funds are insufficient or if the employers and workmen adopt a higher rate in common accord.

If the rate of the premiums of a rural society or a business society should reach 6 % of the average wage and still not be sufficient to cover the payments, the communes or heads of undertakings must make up the deficit out of their own resources. The premiums are paid at different periods fixed by the rules, and the payment is made by the employers on behalf of their employees who are compulsorily insured, or by the persons themselves who are optionally insured in their own names.

The two thirds of the premium which are to be paid by the person insured can only be deducted by the employer from the wage, which is paid in money, and in this connection the rights of the employer lapse when they refer to the last contribution but one.

If the wages are paid to the labourer in kind, the administration of the society decides how much is to be levied for the insurance.

#### (e) PENAL PROVISIONS.

In order to ensure the carrying out of the insurance, the law punishes:

1. those insured persons who do not carry out the doctor's prescriptions, or who conceal the fact that they are insured with another society and receiving payments from it ;
2. those employers who do not give notice that they are employing persons for whom the insurance is compulsory ;
3. those employers who fraudulently deduct more than  $\frac{2}{3}$  of the sum payable by the worker from his wage ;
4. those employers who fraudulently neglect to pay the society the levies for insurance ;
5. those administrators and employees who act deliberately to the disadvantage of their society.

#### § 14. *Provisions concerning Accident Insurance.*

The branch of social insurance which presents the greatest number of peculiarities, from the agricultural point of view, is and has always been, insurance against accident, and it is treated at considerably length in the Code (128 par., IIIrd. book).



Although this branch is treated, so to speak, separately, the sense of it is needlessly obscured at times by references to preceding paragraphs, as far as industrial accidents are concerned. We have only to add here a section concerning the means for preventing accidents to the subdivision already made for sickness insurance.

(a) THE WHOLE NUMBER OF THE PERSONS INSURED.

Each individual subject to insurance in a rural accident insurance society must belong to an agricultural undertaking. The Imperial Office may determine what branches of industry are considered as agricultural undertakings. Generally speaking the definition of an agricultural undertaking is here identical with that given for sickness insurance. Ordinary repairs to buildings which are used for farmwork form part of it, as well as the works that have to be carried out by the head of an undertaking in accordance with an obligation of public law, such as the establishment or maintenance of buildings, roads, embankments, canals, water-courses, etc., and works concerning horticulture and those to be carried out within the precincts of cemeteries, provided that these works are not subject to industrial insurance. Industrial undertakings for the transformation of rural produce are also subject to rural accident insurance, with the exception of mines, saltworks, smithies, etc., and undertakings assimilated to factories by the Imperial Office, on account of their wide extent, a special installation and the number of their workers.

Amongst the persons employed in the above mentioned undertakings, the following *must be insured* without distinction of wage :

- 1) ordinary agricultural labourers ;
- 2) professional labourers, such as gardeners, forest rangers, millers, etc. ;
- 3) assistants and apprentices ;
- 4) farm employees whose wages do not exceed 5,000 marks a year ;

The insurance *may be made compulsory* by the rules for :

- 1) the heads of undertakings and their substitutes who do not employ more than 2 insured persons, and whose annual income is not more than 5,000 marks ;
- 2) employees whose wages do not exceed 5,000 marks.

Lastly, the following are subject to optional insurance.

- 1) the head of an undertaking and his partner who do not regularly employ more than 2 insured persons and whose annual income is not more than 2,000 marks. There is, however, a provision in the rules permitting this limit to be extended.

(b) THE PAYMENTS OF CO-OPERATIVE INSURANCE  
SOCIETIES TO THE PERSONS INSURED

The insurance payments must compensate the person insured or his family for the consequences of an injury, or must be granted in the case of death. They are not due, or they can be refused in part if the person insured has received his injury whilst committing an offence or a crime.

The payments are not granted until the end of the 13th. week. They may consist : 1 in medical treatment ; 2. in a pension during the incapacity for work ; 3. in compensation in the case of death and a pension to the heirs.

As to the *medical treatment*, the payments correspond to those of the sickness insurance funds. Although it is the Commune or the insurance society which has to supply the medicines up to the end of the 13th. week, the co-operative society may be substituted for them and take the injured person in its charge from this period, a certain part of its expenditure being reimbursed to it.

As to the *pension*, it corresponds, in case the injured person is totally incapacitated from work, to  $\frac{2}{3}$  of the annual normal wage of the individual concerned. If the incapacity for work is only partial, the amount of the pension will depend on the amount of work that he is able to do. It may eventually be increased up to the amount of the wage, if the injured person cannot do without the aid of some other person, on account of his serious condition.

If the person who has been injured in an accident cannot find work on account of his condition, the co-operative society may increase the partial pension up to the amount of the entire pension. (or  $\frac{2}{3}$  of the wages). The pension is calculated on the basis of the wages that the insured person has received during the year preceding the accident.

If the annual wage of the *employee or professional labourer* is less than 300 times the usual daily wage of the place (*Ortslohn*), this wage, multiplied by 300, is considered as the annual wage.

The pension for young girls and lads (*Jugendliche*) who have been injured, calculated in accordance with the usual wages of the place, is first established according to their age, dating from the day when they were victims of the accident, and it must be increased in proportion as they increase in years.

The pensions of the other individuals and labourers employed in agriculture and not mentioned, as well as those of the heads of undertakings, are fixed by the Superior Insurance Office on the basis of the *average annual wage of agricultural labourers*, determined separately for agricultural and forest undertakings, and for men and women, insured persons of less

than 16 years, those between 16 and 21 years, and those of more than 21 years.

In every case where the annual wage is more than 1,800 marks, only one third is considered. When the victim of an accident is already suffering from a permanent partial disablement, the pension for which is fixed in accordance with the average annual wage, that portion only of the wage which corresponds to the degree of capacity of the victim before the accident is taken as the basis for the new pension.

As to *compensation in case of death and the pension to be paid to the heirs*, the co-operative society must allow the heirs of an insured person who has been killed in an accident compensation equal to  $1/15$  at least of the annual wage of the deceased and not less than 50 marks. The pension which must be paid annually to the heirs in addition to this sum must be equal to  $1/5$  of the annual wage of the deceased for the widow up to the time of her death or until she marries again, and  $1/5$  for each child, legitimate or illegitimate, up to the time that it is 15 years of age.

If the widow marries again she has a right to a round sum equal to  $3/5$  of the annual wage of the deceased in place of the pension, and the pensions of the children continue their course.

If the widow was not married to the deceased until after the accident which caused his death, she receives no pension, unless the co-operative society should decide to the contrary. The illegitimate orphans of an insured woman who has been killed in an accident, have likewise a right to a pension, even if she was not legally married or if they were born before her marriage. In the case of the death by accident of a married woman who, in consequence of the disablement of her husband, had been either entirely or partially supporting her family, the husband and children have similar rights to those mentioned for the members of a family whose head had been killed by accident. If the deceased had parents or grand parents whom she was entirely or partially supporting by her labour, these have a right to a pension equal to  $1/5$  of the annual wage of the insured person. If the relatives are of the first and second degree, those of the first degree have rights prior to those of the second. Orphaned grandchildren have also a right to pensions up to their 15th. year.

The pensions for heirs must not exceed altogether  $3/5$  of the wages of the deceased, and if the pensions of the consort, children and grandchildren absorb these  $3/5$ , the other relatives have no claim.

Instead of having the injured person cared for at home and paying him a pension, the co-operative society may have him placed *in a hospital*. In all that concerns the consent of the injured person, the subsidy payable to his family, the determination of the new pensions and the question of the beneficiary's residence abroad, the prescriptions are closely analogous to those that we have been examining in relation to sick ness insurance.

Communes and Federations of Communes may, with the consent of the superior administrative authorities, decide that the pensions be paid, up to the amount of  $\frac{2}{3}$  of the wage, not in money but in kind. This provision, however, may be made only with regard to those insured persons who inhabit the same district. It is the Commune where the insured person lives which grants the pension in kind, and which can recover the value of the pensions so paid from the co-operative society. The value of these payments in kind is determined by the superior administration.

(c) THE ORGANISATION, ADMINISTRATION AND CONTROL OF CO-OPERATIVE INSURANCE SOCIETIES.

The institutes (*Träger*) for accident insurance are the co-operative societies of agricultural employers founded in the local districts (Provinces, States). The employer, in the insurance meaning of the term, is the person on whose account the undertaking is carried on. For a person to become a compulsory member of a professional co-operative society, the undertaking in which he is engaged must belong to the category of undertakings with which the co-operative society is concerned, and must have its headquarters in the latter's district. All the real estate belonging to one proprietor is considered as one farm. The members may be represented in the co-operative society by their representatives. The members or their legal representatives who are not in enjoyment of their civil rights have no voting rights.

In order to keep up to date in the number of its members, the Communal authority is bound to give notice to the management of the co-operative society of every new undertaking which is started, sending the information through the Insurance Office. The head of the undertaking must give notice to the co-operative society within the period prescribed in the rules of any change in the person for whom the undertaking is carried on. He is responsible for the payments up to the expiration of the working year during which the notification of the change is made, without, however, exonerating his successor from the same responsibility.

The administration of the co-operative societies and the order of their operations is regulated by the rules decided on by the assembly of the association, which must contain : 1. the name, head quarters and province of the co-operative society ; 2. the composition, rights and obligations of the management ; 3. the form of the announcements of the decisions of the management and of its signature, the way in which the management makes its resolutions and its representation with outsiders ; 4. the constitution of the commission (*Ausschuss*) of the co-operative society for issuing rules in regard to complaints ; 5. the composition and convocation of the assem-

bly and the way in which it makes its resolutions; 6. the voting right of members and the verification of their powers; 7. the representation of the co-operative society in the management; 8. the amount of the compensation to be paid to the representatives of the persons insured; 9. the basis of the distribution of the payments (premiums) and, if they are not divided according to the assessments, the procedure that is to be followed in the estimation and fixing of it; 10. the procedure to be followed on the opening of new undertakings, modifications in those already existing or changes in proprietorship; 11. the arrangements in consequence of the cessation of an undertaking or of change in the proprietorship, especially as regards the guarantees to be furnished for the payments when the undertaking comes to an end; 12. the preparation, examination and reception of the annual statement; 13. the execution of the provisions passed for the prevention of accidents and the supervision of undertakings; 14. the procedure to be followed at the time of the notification and of the retirement of insured heads of undertakings; 15. the method of publishing announcements; 16. the amendments of the rules; 17. what persons are to be considered as professional labourers.

As to the organs of the co-operative society, they are composed, on the one hand, of the management, and, on the other, of the general assembly. It is the province of the assembly to select the members of the management, to amend the rules, to approve the balance sheets and to fix the compensation for loss of time and travelling expenses to the members of the management. Only the agricultural or forestry members of the co-operative society or their representatives can become part of the management. The assembly of the rural co-operative society may, with the approval of the superior administrative authority, delegate to the organs representing the local administration, either altogether or in part, the examination and receipt of the annual statement. In consequence of this delegation, the rights and obligations of the executive authorities of the association pass to the executive authorities of the local administration.

Outside the questions in regard to which the competence of the assembly is expressly declared, the administration of the co-operative society is carried on by the management, whose services are gratuitous on principle. In addition to the investment of the funds of the co-operative society, the chief business of the management of the co-operative societies is the *determination of the pensions*. The district of the co-operative society is subdivided for this purpose into local sections. The heads of these sections decide in any case of accident, whether to give: 1. medical treatment; 2. a temporary pension; 3. admission into a hospital; 4. a pension to the heirs; 5. compensation in the case of death. The other cases are decided by the management of the co-operative society.

If it is so decided in the rules, the 5 cases above mentioned may also be submitted to the competence of the management, or to that of a commission or its representative. If the accident is of a suspicious character, the co-operative society may make an additional inquiry, either personally or through the Insurance Office. If the society is of the opinion that its interests are in imminent danger, it may also demand information from certain authorities. By a special provision of the State legislature, the insurance offices may be charged to make the inquiry in each of case accident.

When the question is one of granting, refusing or changing a pension, giving medical attendance to a sick person at his own home or putting him in a hospital, granting round sums as compensation, compensation for a death or pensions to the heirs, the judgment of the competent administrative body is given in writing; it must be given in detail and must bear the signature of the chairman. When the question concerns the granting of a pension to an injured person, the degree of the claimant's incapacity for work must be made evident. If, in consequence of the injury, a pension cannot be granted definitely at once, the co-operative society may fix a provisional pension for 2 years, at the end of which period the definite pension is fixed. The person insured has the right of lodging a complaint in writing against this decision with the co-operative society, provided that he makes the complaint within one month, and he has a right to be heard personally by the co-operative society or by the insurance office. The co-operative society must hear the opinion of the doctor who has attended the injured person. The protest against the new calculation of pension must not be addressed to the co-operative society, but to the insurance office.

The control of the professional co-operative societies is generally exercised by the Imperial Insurance Office, or by the State Office in those States which possess one. A certain number of cases are expressly reserved for the State Offices, when there are any, while others that concern the co-operative societies of several States are under the control of the Imperial Office.

#### (d) SOURCES OF REVENUE.

In insurance against accidents it is, as we have seen, the heads of undertakings alone who supply the funds. The yearly expenditure of insurance for the payments to be made is covered by the premiums of the members of the co-operative society, who are generally taxed for this purpose in accordance with a system based on the number of workers necessary for each undertaking and on the class of risks to which the persons

employed in the undertaking are exposed. The number of days' work necessary every year for the working of an undertaking is estimated for each head of an undertaking, the number of workmen employed and the duration of their labour being taken into consideration. It may be settled in the rules that the service given by domestic servants and others is to be estimated separately. The payment for the labour of the employees of the undertaking, the professional labourers, the heads of undertakings and the members of his family who are not insured must not enter into the calculation. The rules may prescribe uniform payments, on a scale to be settled at the time, for undertakings in which 5 persons at most are regularly employed.

The administrative body of the co-operative society has to concern itself with the estimation and the classification of the undertakings according to the class of risks.

Another method of division is that in accordance with the assessments. It may be applied only when the regional law does not exclude the members of the employer's family from the insurance and when the division according to the work done and the categories of the risks is not convenient. The rules may also arrange that the premiums shall be paid as additional payments on the taxes. In order that this system may be introduced it must always be voted by two thirds of the assembly of the co-operative society. The payment is then estimated in a percentage of the land tax. As for those enterprises which are attached to the undertaking, the employees, professional labourers, etc., and the persons optionally insured must make additional payments which are fixed by the rules.

In case the division in accordance with the taxing list is admissible, the rules may fix another suitable basis for the collection of the premiums, such, for instance, as the kind of cultivation, the area on which the land tax is paid, the net income regularly yielded on an average by the landed estate, including the buildings standing on them and serving, for the same work the proportional value of which is obtained by multiplying this net income by 25.

As to insurance against accidents, we must add here a special section concerning :

#### (e) PREVENTIVE MEASURES AGAINST ACCIDENTS.

We have already seen, in our statistical introduction, the enormous importance of the preventive measures in relieving the co-operative societies from the payment of future pensions. For their facilitation, the law compels the professional co-operative societies to establish a regulation on :

1. the institutions and measures that must be arranged for by the members in their undertakings in order to prevent accidents ;

2. the precautions that must be taken by insured persons in the undertakings in order to avoid accidents.

The project for this regulation must be presented to the Imperial Insurance Office.

The regulation is voted at a sitting of the management, to which an equal number of insured persons with voting rights, elected from amongst the representatives of the insured at the insurance office, must be added. The Office of the Empire must also be asked to send a representative. When the co-operative society is administered by the State authorities or by the institutes of the local administration, representatives of the employers and of the insured persons are called upon, in equal number, to decide and vote on the measures to be taken for the prevention of accidents. The employers' representatives are then taken from amongst the agricultural employer assessors of the superior insurance offices of the district and drawn for by lot by the chairman, at a sitting of the executive of the local administrative body or of that authority itself.

The regulations, which will be subject to revision every year, must be fixed on the walls in the premises of the undertaking, so that every labourer may be aware of their contents and conform to them. When an employer employs foreign workmen, the regulations must also be published in the language of these foreigners.

The co-operative societies must supervise the carrying out of these regulations. They are authorised and obliged, for this purpose, to provide themselves with an adequate *technical supervising staff*. The employers must allow this staff access to the premises in which the undertaking is carried on, and the same facilities must be allowed to the delegates of the co-operative society and the permanent members of the Imperial Office, who must bind themselves to maintain trade secrets.

#### (f) PENAL PROVISIONS.

With regard to the penalties and fines that may be inflicted by the management of the co-operative society, the following must be first mentioned.

1. the penalties inflicted on members of the co-operative society and on the persons insured, in consequence of the non-observance of the regulations established with the object of avoiding accidents ;

2. the penalties inflicted on the members of the co-operative society when they have not given notice of the accident to the society within the required time ;

Further, the employers may be sentenced to pay a fine not exceeding 500 marks ;



3. when data, the inaccuracy of which is known, or ought to be known to them, are contained in the statement of the total salaries or wages made for the division of the premiums, in explanations supplied to the competent administrative body of the co-operative society for the arrangement of the various categories of the risks, in information forwarded by them for the estimation of the work done or forwarded as to the conditions of their enterprise or of their workmen, in an announcement or notification made concerning a change of proprietorship or modifications in the undertaking.

The management may also inflict fines not exceeding 300 marks when the employers :

4. do not make the obligatory declarations in the required time in regard to the wages paid or the classes of risk, or do not conform to the prescriptions of the rules in regard to the termination of an enterprise or a change of proprietorship.

§ 15. — *Insurance against Invalidity and in Favour of Heirs.*

(a) PERSONS COMPULSORILY AND OPTIONALLY INSURED.

Insurance against invalidity is *compulsory*, from the 15th. year : 1. for workmen, assistants, journeymen, apprentices and domestic servants ; and 2. for employees, foremen, etc. employed on farms, when these two categories of persons are working for wages and the whole of their annual wage does not exceed 2,000 marks. For persons employed in the house and not paid in money the insurance is not compulsory. The Federal Council may decide whether, and to what extent, persons who work at home must be insured and, to what extent persons giving temporary service should be dispensed from the obligation of insurance.

The Federal Council may also dispense foreign workers from this obligation when the administrative authorities only permit their sojourn in the Empire for a limited period. The insurance premium which would be due from the employer if the question were one of a workman of the country must all the same be paid to the insurance institute in this case. Persons employed by the Imperial Government, a State, a Commune or an insurance institute, who receive, for themselves and for their widows pensions corresponding to the first class payments of the invalidity insurance, are likewise exempted from compulsory insurance ; and those persons also are exempted who are in receipt of an invalidity pension or an inheritance pension from social insurance institutes.

On the request of the wage-earner, those persons to whom the Empire, a State, a Commune or an insurance institution has allowed a pension, an allowance while unemployed or some similar allowance, which is not less

in amount than the insurance payments, and whose heirs have also a right to a subsidy, may be freed from the insurance obligation. The following persons may also be exempted, at their request : young persons who, during or after their University studies are employed in practical agriculture in view of a superior profession exempt from the compulsory insurance ; persons who in the course of a civil year do not work for wages for more than 12 weeks in a certain season, or for more than 50 days altogether, and who, in addition to this work, do not live on their earnings. The exemption takes effect at the time when the request is sent to the insurance institute.

The right of taking out an *optional insurance* with the invalidity insurance institutions belongs to: 1. employers who do not as a rule employ insured workers, or 2 at most and persons who work at home ; 2. employees, foremen, etc., employed in undertakings and earning a salary of more than 2,000 marks ; 3, persons who are not in receipt of wages, but who work for board and lodging ; 4. those persons who do special work and are dispensed from the insurance obligation by decree of the Federal Council.

(b) THE INSURANCE PAYMENTS FOR INVALIDITY AND IN FAVOUR OF HEIRS.

The payments of this branch of insurance are multifarious. In accordance with the nature of the insurance, the prevailing payments are in pensions or in capital, payment in the form of medicine playing only a very secondary part. The following may be distinguished amongst the payments : 1. pensions for invalidity or old age ; 2. compensation to widows and in certain cases to widowers ; 3. compensation to orphans.

In order to obtain an *invalidity and old age pension*, the candidate must ; 1. either be incapacitated or have reached the age of 70 years ; 2. have been insured for a certain minimum of time, and his rights must not have lapsed.

The *compensation to heirs* is granted if the deceased had been insured at the time of his death for the minimum of time, and if his right to the payments (*Anwartschaft*) had not lapsed at the time.

The *compensation to the widow and orphans* is allowed, on the contrary, outside the preceding circumstances, only when the widow, at the time the payment is made, fulfills the conditions of the waiting period (*Wartezeit*) and her right (*Anwartschaft*) has not lapsed. In any case, pensions referring back to a period of more than one year from the sending in of the request cannot be paid, unless the claimant was prevented from making her request by circumstances over which she had no control. Insured persons who cause their incapacity deliberately lose all right to the

pension. If the person insured has been incapacitated through committing a crime or a criminal offence, the pension may be either diminished or refused. If the insured person lived abroad, whilst his family, which was either entirely or to a large extent supported by his labours, continued to live in the territory of the Empire or in its Colonies, the pension may be paid to it.

a) The *invalidity pension* is due, without regard to age, to the insured person who has become incurably invalided in consequence of an illness or infirmity, that is to say, if he is no longer able to earn more than a third of the wages that healthy persons of his class usually earn, in the place where he lives. The pension (which is then called a sick pension) is also granted to those persons who are not yet definitely ill, but whose temporary invalidity has lasted more than 26 weeks in succession.

The *old age pension* is granted from the completion of the 70th. year, even if the person insured is not invalided.

The *widow's pension* is paid to the widow who is definitely invalided or to the widow who is temporarily invalided for more than 25 weeks in succession, after the death of her insured husband. When an insured woman, who supported her invalided husband and her family either for the most part or entirely, dies, her husband is allowed a pension, if he fulfils the above-mentioned conditions. If the insured father or mother, the support of a family, die, the legitimate orphans have a right to a pension up to the completion of their fifteenth year.

As to illegitimate children, they receive a pension only in the case of the death of their mother, if she is insured. In the case of an orphan's pension it is of no consequence whether the mother was married at the time of death or not. In case that the deceased either entirely or largely supported the orphans of a deceased son or daughter, these grandchildren, if they are indigent and have not yet reached the age of 15 years, have a right to the orphans' pension. The pension of heirs begins from the day on which the insured support of the family dies. The heirs of an insured foreigner who are not living in the Empire at the time of his death, have a right to only one half the payments, after the deduction of the Empire's contribution. The Federal Council may decide for some exceptions to this rule, however, in the case of citizens of certain foreign States which have reciprocal agreements in the matter of social insurance. The payments are not due to the heirs when they have wilfully caused the death of the insured person.

*Payments in kind* may be substituted for the money payments granted to insured agriculturists in the proportion of 2/3, when the Communes, with the consent of the superior administrative authorities, set forth in their rules that the claimants are in the habit of receiving their wages in kind, and if they are willing to accept these payments instead of money.

If the claimant is an orphan, the guardian and the chamber of guardians must also give their consent. The value of the commodities is fixed at an average price by the superior administrative authorities. The rules may authorise the management to put invalided persons into a private asylum.

(5) *Medical attendance* may be granted to an insured person or to a widow for the purpose of preventing their invalidity. As a preventive measure the institute may place sick persons in a hospital or a private asylum. The prescriptions are practically the same, in regard to the consent of the sick person and the compensation to his family, as those that we have examined for sickness insurance.

(7) As far as the *right to a pension* is concerned the beginning, the stoppage and the end of the waiting period (*Anwartschaft*) must be studied.

The right to an *invalidity pension* can only arise, in case the insured person has paid at least 100 weekly contributions (*premiums*), after the payment of two hundred, and in any other case after the payment of five hundred weekly premiums. For the old age pension it is always necessary that 1,200 weekly premiums have been paid.

By the payment of these premiums the insured person acquires a right to a pension in the case of accident or old age. But it is not merely necessary that the minimum number of premiums have been paid; the right of candidature must also be *preserved*.

This *ceases* if the insured person, in the course of two consecutive years and in the case of compulsory insurance, has not paid at least 20 weekly premiums, and in the case of optional insurance at least 40 weekly premiums. It must also be mentioned that the period passed in military service, during illness or when the insured person is receiving a pension for invalidity, old age or accident (of the value of at least  $\frac{1}{5}$  the full pension) is considered as if the premium had been paid during this time. The right to payments (*Anwartschaft*) revives when the individual resumes an occupation entailing compulsory insurance or when, in resuming the optional insurance, he has completed payment of 200 weekly premiums. If, under these conditions, the insured person has passed his 60th. year, his rights (*Anwartschaft*) cannot be resumed unless he has paid 1,000 weekly premiums before reaching that age, or, if he is more than forty years of age, he must have previously made 500 weekly payments.

(8) The *amount of the invalidity and old age pensions* is based on the number of weekly premiums (*Beitragswochen*). Each pension in these two categories is increased by an annual contribution of 50 marks paid by the Empire.

The calculations for the invalidity pension are based on the 500 weekly premiums. If the number of weekly premiums is in reality less than

500, those which are lacking are considered as being made for class I. If the number is higher than 500, the lower class premiums are eliminated.

There are 5 classes of wage-earners altogether, so that the pension is first of all dependent on the class to which the 500 premiums serving as a basis belong, and secondarily on the class of the other premiums. For each of the 500 premiums serving as a basis there are paid :

12 pfennigs	for	Class	I
14    "      "	"	"	II
16    "      "	"	"	III
18    "      "	"	"	IV
20    "      "	"	"	V

For the subsequent premiums the pension increases by :

3 pfennigs	for	Class	I
6    "      "	"	"	II
8    "      "	"	"	III
10   "      "	"	"	IV
12   "      "	"	"	V

The weeks of military service, illness or the enjoyment of a pension are counted as if paid by contributions of the IInd. Class.

As to the *old age pension*, the maximum number of weekly premiums considered in the calculation is 1,200. If there are many more, only those of the highest class are considered. If the number of premiums is less than 400, those which are lacking are reckoned as belonging to the IInd. Class. The annual pension, in addition to the subsidy of the Empire, is 60, 90, 120, 150 and 180 marks for the 5 classes of wage-earner. If the premiums paid have been of several different classes, an average is taken.

(a) The pensions may be *definitely refused* : 1. when the claimant is not invalided ; 2. if the injured person refuses, without a reasonable motive, to submit to the medical treatment ordered by the insurance institute ; 3. in certain cases already examined the pensions of widows and orphans cease when the recipients are no longer indigent ; 4. if the pensions have been granted to the family of an insured person who was believed to be dead, and it is discovered that he is still living.

The payment of the pension may, lastly, be suspended : 1. when invalidity and old age pensions have been granted at the same time as an accident pension of more than  $7\frac{1}{2}$  times the basis of the invalidity pension ; 2. when, added to an accident pension, the pensions granted to a widow or widower exceed three and a half times, and that to the orphans three times the invalidity pension serving as a basis which the insured person who was the support of his family would have had at the time of his death ;

3. the pension is suspended when the claimant is detained in prison or in a house of correction. If he has a family that he has been supporting, however, the family receives the pension. 4. when the beneficiary is voluntarily living abroad ; 5. when a claimant of foreign nationality is interdicted from sojourning in the land in consequence of a criminal condemnation.

If a claimant of foreign nationality should go back to his own country, he may be granted from the insurance, with his consent, a round sum as compensation equal to 3 times his annual pension, or, if he is in receipt of an orphan's pension, one and a half times the annual pension.

When an individual has a right to several invalidity and heirs' pensions, the lesser pension is suspended from the day on which the accumulation begins.

(c) ORGANISATION, ADMINISTRATION AND SUPERVISION  
OF INSURANCE INSTITUTIONS.

The invalidity and old age insurance institutions are genuine State institutions, each of which is generally founded for one province or one State. Several confederated States, however, may be permitted to have a common institution between them. Such an institution can be founded only with the authorisation of the Federal Council, competent for all the ordinary insured persons of the district. Each institute must have rules which indicate, in addition to the head quarters and the district : 1. its denomination ; 2. the number of employers and insured persons attached to the management ; 3. the enumeration of the subjects which must be dealt with and resolved in the presence of representatives of the employers and the insured persons ; 4. the number of members of the committee, the method of its convocation, its rights and duties, the nomination of its chairman, the method of taking decision and its representation outsiders persons ; 5. the form of the announcements by the management, its signature in the name of the institute, the way in which the management passes its resolutions, its representation with outsiders ; 6. the representation of the Insurance Institute with the management ; 7. the amount of the compensations payable to the representatives of the employers and the insured persons ; 8. the composition of the balance sheet ; 9. the composition and approval of the budget, in so far as the supreme administrative authorities do not intervene ; 10. the publication of the annual statements ; 11. the mode of the publications ; 12. the amendment of the rules. ,

These rules serve as regulations for the administration of the institutions, which is entrusted to the management to the extent authorised by the text of the law or the rules.

The management includes one or more employees of the Commune or the State in which the institute has its headquarters. Outside these ordinary members there are some extraordinary members representing the employers and the workers. If the number of ordinary employees is larger than that of the extraordinary members, a certain number must abstain from voting, so that the votes of the two classes may be equal.

In addition to the management there is a *committee* composed in equal degree of the representatives of the employers and those of the workers living in the district of the insurance institute. The following business is within the province of this committee : 1. the election of the extraordinary members of the management; 2. the preparation of the balance sheet ; 3. the approval of the budget ; 4. the changes in the rules. Certain kinds of business, such as the purchase and sale of real estate of a higher value than 1,000 marks, and reinsurance, must be settled by the management and the committee together.

As to the administration of the funds of the institute it is stipulated that a quarter at least of these funds must be invested in bonds of the Empire or of the confederated States. The remainder must be used for the purchase of bonds affording the guarantee of trustee investments or Communal bonds.

The request for a pension must not be addressed to the institute itself, as in the other branches of insurance, but to the insurance office of the district. By way of exception the supreme administrative authorities may also charge another Communal or State bureau with these functions. The following must be sent in together with the request : the receipts (stamps) of the weekly premiums, the medical certificate in the case of invalidity and the birth certificate in the case of old age. The expenses connected with the medical certificate must be paid by the applicant, but when the office has accepted his request as justified, this sum will be reimbursed to him.

The office makes an inquiry into the case, with the assistance of the representatives of the employers and the insured.

When the question is one of old age pensions, orphans' pensions, compensation to widows or orphans or round sums in compensation, there is no need for verbal discussion.

If the request appears to be unjustified from the beginning, the office suggests to the applicant that he withdraw it. If the request is accepted, the decision is notified to the applicant in a document signed by the chairman of the office. Any appeal against this decision must be lodged before the superior office, and an appeal against the decision of the latter may in certain cases be made to the Office of the Empire.

The insurance institutes are under the *control* of the Empire Office, and of the State Office when the sphere of action of the institute does not go beyond the territory of a confederated State.

*(d) SOURCES OF REVENUE.*

The funds providing the money to pay the insurance for invalidity and old age consist on the one hand of a subsidy from the Empire granted for each pension and each compensation for widows and orphans, and on the other hand of the weekly premiums paid, half by the employers and half by the employees.

The amount of the weekly premiums has been fixed by the Federal Council, up to December 31st., 1920. The assessment is renewed every 10 years, and is based on the amount of the probable expenditure divided amongst all the persons insured.

The persons insured are divided into 5 (I-V) classes of persons earning wages of less than 350 marks, from 350 to 550, from 550 to 850, from 850 to 1,150 and more than 1,150 marks. Their weekly premiums will up to 1920 be 16, 24, 32, 40 and 48 pfennigs. The periods passed in military service and when incapacitated from work through illness count as weeks for which the 2nd. class premiums have been paid. Illnesses which have been contracted deliberately by the insured person or in consequence of a fight, or those which are protracted beyond the duration of one year, are excepted from this rule.

The premiums are paid on the stamp system, the stamp being affixed to the insurance paper of each wage-earner. The stamps of the different classes can be had from the Post Office. Each insurance paper bears the name of the person insured and of the insurance institute, and must be large enough to contain at least 52 stamps. As soon as the paper is filed, it must be renewed, and the new paper shows the duration of the preceding insurance, the sickness and the military service. The papers must be renewed every two years, whether the old ones are filed or not. If an insurance paper should be lost, another one will be delivered, but the premiums which have been paid in can be entered only if the insured person is in a position to prove that they have been paid. Employers or other persons have no right to keep insurance papers belonging to others.

The employer who has employed an insured worker during a week must pay the premium due from himself and the worker by sticking the necessary stamps on to the insurance paper, cancelling them by writing across them the date of the week for which the premium has been paid. If an insured person works for several employers in the course of one week, the first of the employers has to attach the stamp, but if neither this employer nor the insured person himself carry out this task, then it must be done by the next employer, who, however, is entitled to be reimbursed for the expenditure by the first employer. The stamps have to be paid for by the employer, but he is authorised to deduct a sum equivalent to



half the value from the man's wage. These deductions must be made at the proper period, and cannot be deducted at a later date if they have been forgotten.

If the insured person prefers, he may pay the whole of the premium himself, in which case the employer has to reimburse him for his half of the legal premium.

Persons who are voluntarily insured may choose the class of wage-earner that they wish to belong to. They may continue the insurance even when abroad, using the stamps of any insurance institution.

Premiums which are paid more than two years after the proper date, or which, in the case of the absence or an omission on the part of the person insured, are not sent in until four years after this date, are not valid. The period during which the payment of the premium remains valid in the case of optional insurance is one year.

*Premiums which have been paid by mistake* count as if they had been paid for voluntary insurance. The person insured may claim these premiums within a period of 10 years provided that he has not received a pension during that time and that he had no intention of committing a fraud.

The supreme administrative authorities have the right of deciding, in accord with the insurance institute, that the sickness insurance societies or the local offices may *receive the compulsory premiums*. The rules of the insurance institute or of the Commune may, with the consent of the administrative authorities, be drawn up to this effect. The institution must in this case grant compensation fixed by the administrative authorities to the offices which receive the premiums. These offices receive the premiums as a rule at the same time as the sickness insurance premiums, that is, on the day when they fall due.

Any questions that may arise in connection with the premiums are decided by the insurance office, and appeal may be made in the last resort to the superior office.

The insurance institutes must see that the contributions are paid regularly and that the amounts paid in are correct. The insurance offices may assist them in this task. In order to facilitate the control of the work, the employers may supply the insurance office and the management of the institute with information in regard to the number and the wages of the workers they employ.

#### (e) SUPPLEMENTARY INSURANCE.

Every person who is compelled or authorised to insure against invalidity may, at any time and to an unlimited extent, add stamps which are called supplementary stamps on to his insurance paper. Each

of these stamps is of the value of one mark, and they yield the insured person a supplementary pension in the case of invalidity. The amount of the supplementary pension is 2 pfennigs per stamp per year from the payment of the first premium. The calculations are made per civil year from the beginning of the insurance up to the time that the invalidity takes place. The stamps which cannot be counted for the pension will be reimbursed to the person insured or to his heirs. The supplementary pension is paid either with the invalidity pension or separately, and always a month in advance. If the supplementary pension should not exceed 60 marks a year, it may be substituted by a round sum, at the request of the claimant, and this round sum may in any case be paid straight away to the claimant if the latter gives up his residence in the Empire. The most interesting point about this supplementary pension is that the State has in this connection adopted the principle of private insurance in the place of the thrift principle of social insurance.

#### (f) PENAL PROVISIONS.

In order to guarantee the carrying out of the prescriptions of the invalidity insurance, the Code has generally established fines for the punishment of the infringement of a certain number of them. Thus it authorises : 1 the management of the institutions to inflict fines not exceeding 500 marks on those employers who do not deliver in time the registers and information concerning their employees exacted by the law or the insurance institutions, or on those who make alterations in these documents or omit items : 2 in case the employers do not in time attach the stamps for the wage-earners who are subject to compulsory insurance, or if they delay paying in the insurance premiums to the offices charged to receive them, the management of this institute may punish these persons with a fine not exceeding 300 marks and at the same time compel them to pay the amount or twice the amount of the insurance premiums which are in arrear, which sums will be collected in the same way as the Communal taxes ; 3. the insurance office may inflict a fine not exceeding 300 marks on the employers who, deliberately and in spite of the obligation resting upon them, do not give notice of the workers they have in their employ, and a fine not exceeding 100 marks on those who omit giving this information through negligence ; 4. fines not exceeding 300 marks or imprisonment may be inflicted. (a) on employers who deliberately impose greater deductions than those admitted by the law on their employees : (b) on the employers who deliberately make deductions for contributions that they have not yet sent to the insurance institute ; (c) on bankrupt employers who make deductions from the wages of the insured persons and do not immediately send these sums to the insurance institute : (d) on the employees

who make greater deductions than those admitted by the law ; (e) on those persons who unduly refuse to return the insurance papers to the insured persons ; 5. fines not exceeding 300 marks, or imprisonment : on those *insured persons* who deliberately get their employers to reimburse them for higher premiums than those admitted by the law, or who have the same sum reimbursed by several employers, or who get their employers to reimburse them for premiums which they have not sent into the insurance institute.

The following offences are punished as misdemeanours ; 1. On the employers who embezzle the sums kept back from their employees for insurance or sent by the insured person with that intention, in addition to imprisonment, a fine not exceeding 3,000 marks may be inflicted and the ir civil rights taken away, but when there are extenuating circumstances the fine only may be inflicted. The person (employee) representing the employer in his business is liable equally with the employer himself. A secondary responsibility is incurred by the employer : a) if he was aware of an illicit act ; b) if he does not take the necessary care in choosing his representative.

Punishment is also inflicted on the employer who makes marks or indications not admitted by the regulations, who falsifies the stamps, buys them for his own account or uses stamps which have been cancelled.

The superior offices recognise in the last resort appeals against the penal provisions passed by the managements of the institutes and the insurance offices.

#### § 16. — Conclusion.

Before concluding, we wish to call attention to two questions : (a) *the way in which the different insurance institutes should collaborate in order to avoid conflict ; and (b) the pecuniary burden which will be laid upon German agriculture henceforth in consequence of the extension of social insurance.* (a) The first question is easier to deal with than the second. During the long period that social insurance has been in existence in Germany, experience has been gained and utilised in the drawing up of the fifth book of the Code, which regulates this question. It is obvious that triple relations may exist between these three branches of insurance :

As far as regards (a) *relations between sickness insurance and accident insurance*, it must first be pointed out that the obligation of the sickness insurance societies to make the payments still remains in force, although the insured person has a right to compensation for injury against a co-operative accident insurance society ; but after the payments prescribed by the law or the rules have been made to an insured person who had

a right during the same period to a payment for an accident, the sickness insurance society may ask that its expenditure be reimbursed to it in the proportion of the rights of the insured person.

The society cannot reimburse itself for this expenditure out of the compensation in the case of death or out of the pension for an accident, except in the cases provided for by the law. If the society pays compensation in the case of death, it can be reimbursed from the compensation paid from the accident insurance. As to the medical attendance granted to sick persons either at home or in a hospital, the society may demand the  $\frac{3}{8}$  of the wage which serves as a basis. For maintenance at a hospital it may claim  $\frac{4}{9}$  of this wage, but only in the case that the insured person is receiving a pension for an accident.

To reimburse itself for these payments the society cannot demand more than the half of the pension paid to the insured person by the accident insurance institution for the same period during which the payments of the society were made. There is an exception to this rule if the sick person is in an asylum, when the demand for reimbursement may comprise the whole of the pension. All right to reimbursement ceases, however, if the demand has not been made within a period of three months from the time the payments of the society were made. When, on the other hand, a co-operative accident insurance society has granted the legal payments to an insured person during a period when he had the same right to payment from a sickness insurance society, the society must reimburse the co-operative society completely for the expenses connected with the illness and the half of the wages serving as a basis.

The sickness insurance societies are obliged to give notice to the co-operative societies within a period of three days in the case of sick persons who have been injured in an accident which will in all probability entitle the insured person after 13 weeks illness to the payments due in cases of accident.

In the case of an illness caused by an accident, the co-operative society may, as we have seen, take over the treatment of the sick person at once. During the first 13 weeks, the payments must be equal to those which would have been paid to the insured person by the insurance societies in accordance with the law or with the rules, but the societies must reimburse the co-operative society for the amount of the payments made during this period, in the same way as we have already observed for the opposite case. If the co-operative society entrusts the care of the sick person, on the other hand, to the sickness insurance society for a longer period than the 13 weeks allowed for the illness, the expenses incurred have then to be reimbursed by the co-operative society.

Any litigation between the funds and the co-operative societies are settled in the first and only resort by the insurance office.

(β) The *relations between the sickness insurance and the invalidity insurance institutes* follow rules which are analogous to those above-mentioned. The institute may thus concern itself with the care of the sick person during the first 13 weeks or may leave the person to the care of the society beyond this period. If, in consequence of these measures, the institute makes charges on the societies which are not provided for by the law or by the rules, it must reimburse them for the surplus charges.

(γ) The *relations between the co-operative accident insurance societies and the invalidity insurance institutes* arise mainly from the obligation on the part of the institutes to pay the invalidity or heirs' pensions to an insured invalided person or to the heirs of an insured person who has died from an accident up to the time when the accident pension is paid. In this case, the expenditure in excess of the legal payments of the institute must be reimbursed by the co-operative society. If the invalidity and the heirs' pensions are paid during a period when the insured person had a right to an accident pension, this pension may be demanded directly by the institute as indemnification. When the institute has granted medical attendance to an insured person injured in an accident, the co-operative society is obliged to reimburse the institute in the proportion to which it has been relieved by the payments of the institute.

(b) A much more delicate question than that of the relations of the insurance institutes is that of the *expenditure resulting from the social insurance for agriculture*. In fact, it has been calculated that the innovations of the new Code will increase the charges of the whole of the social insurance in Germany, for the employers by 100 million marks, and for the insured persons by 4 million marks. This general increase is due mainly ; 1. to the extension of sickness insurance to agricultural labourers, domestic servants, home workers, etc., and 2. to the introduction of insurance in favour of heirs.

As to the extension of sickness insurance, it will mean a supplementary charge of 30 million marks to the employers and 30 millions to the insured persons, while the introduction of insurance in favour of heirs will add 20 more millions to the charge of the workers. This new charge of 50 millions which the workers would have to bear, however, is lessened by the new distribution of the premiums for sickness insurance, half of which will henceforth be borne by the employers, instead of only a third, lightening the burden on the workers by 46 millions.

As regards the additional burden that agriculture will have to bear henceforth, we have no exact data. Taking account of the fact that a certain number of districts in Prussia and 14 confederated States already have *compulsory sickness insurance for agricultural labourers*, we get an additional figure of only 3 millions of persons subject to this branch of insurance. The expenditure simply for the sick pensions which these 2,986,000 per-

sons will receive annually is estimated, according to the data of the Code, at 12,148,533 marks, or 7.07 marks per individual, to which must be added the expenditure and pensions for confinement and compensation for deaths, so that the total expenditure for this branch of insurance would be from 11.60 to 12 marks per insured person (without including the administration expenses).

An interesting study of the burden per hectare on agricultural land from social insurance was made by M. de Batocki-Bledau in a lecture given at the Prussian Landesökonomie-Kollegium. Although this study dealt with East Prussia only, that is to say, with a province devoted to large crops, where paid labour plays an important role, and although also it was based on a limited number of undertakings only, it is of very great importance to agriculture, because up to the present moment it is, unhappily, the only study of the kind in existence. From the data which have been worked out by M. de Batocki-Bledau it appears that the burden per hectare varies considerably, according as the question is one :

- (1) of small rural lands (from 10 to 50 hectares) ;
- (2) of large rural lands (from 50 to 100 hectares) ;
- (3) of small feudal lands (from 100 to 250 h )
- (4) of large proprietries (above 250 hectares).

For lands of the first category the legal payments for social insurance have up to the present been 1.2 marks per hectare and the actual payments 1.6 marks ; the legal payments will probably be 2.4, and the actual ones 3.5 marks. For the second category, the payments are 1.4 and 2.3, and will be 2.6 and 3.8 marks ; for the third category, they are at present 1.3 and 2.2 they will be, 2.4 and 3.4 ; for the fourth category, they are at present 1.4 and 2.2, and they will be 2.7 and 3.7.

The actual burden, in relation to the wages paid in the course of the year, are for

1st class . . . .	3.0 %	and will be	6.7 %
2nd " . . . .	4.1 %	" " "	6.8 %
3rd " . . . .	3.9 %	" " "	6.1 %
4th " . . . .	3.8 %	" " "	6.4 %

and, in relation to the estimated value for the land tax

1st class . . . .	14.5 %	and will be	32.3 %
2nd " . . . .	19.1 %	" " "	32.1 %
3rd " . . . .	20.8 %	" " "	31.9 %
4th " . . . .	18.1 %	" " "	30.5 %

The future legal payments will be higher than the present legal payments in the first class, by 110 ; in the second, by 90 ; in the third, by

91; and in the fourth by 89 %. The actual payments will be higher : in the first by 123 ; the second by 68 ; the third by 53 ; and the 4th. by 68 %, while the difference between the percentage of the income as now estimated for the land tax, and the percentage as it will be after the new social reforms, is, for the first class 100 : 219 ; for the second, 100 : 170 ; for the third 100 : 153 ; for the fourth 100 : 169 ; and the difference between the present social insurance charge on wages in the course of the year and the percentage as it will be, is for the first class 100 : 223 ; for the second 100 : 166 ; in the third 100 : 156 ; and for the fourth 100 : 168.

It will be seen that the burden laid and to be laid on the German farmer by social insurance is very heavy. It is true that it will be a little lower for other provinces and States of the Empire, because among the provinces of Prussia the agriculture of East Prussia has up to the present had to bear the heaviest burdens. But it is certain that the great social reform will require considerable sacrifices on the part of German agricultural employers, who, however, will perhaps be compensated to some extent afterwards by a decrease in the emigration of the rural population to the towns.

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# INSURANCE

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## FRANCE.

### I. — CURRENT QUESTIONS.

#### The Application of the Law of April 5th., 1910 on Workmen's and Peasants' Pensions.

We have already published in this Bulletin (1), the Note of the Minister of Labour interpreting Art. 23 of the Law of April 5th., 1910, as an obligation for employers or masters to keep back the amounts from the wages or salaries of their employees, even when the latter have not presented the paper required by the law for the purpose of attaching the stamps thereon, and we have also mentioned that the employees had entered a protest against these sums being kept back.

The Court of Cassation gave sentence against the appellant in the following case :

A master named Bellamy imposed a stoppage of 12 centimes out of four days' wages earned by one of his workmen, Carel, who refused to submit to the deduction, and appealed to the Council of arbiters of the Seine for the chemical products industry. The Council gave sentence against the master for deducting the 12 centimes, and condemned him to pay the worker his full wages and to pay him in addition 1 franc damages for the delay. The master appealed to the Court of Cassation against this decision.

By judgment delivered on December 11th., 1911, the Court of Cassation rejected the appeal, approving the sentence passed by the council of arbiters and the position taken up by the workman on the following grounds :

(1) See *Bulletin of Social and Economic Intelligence*, II<sup>nd</sup> Year, No. 11, and 12, Dec. 1911, p. 175.



" Seeing that by the terms of Art. 2 of the law of April 5th., 1910, the old age pension which is assured in the first article to wage-earners of both sexes is constituted by their payments, both compulsory and optional, by the contributions of the employers and the annual allowances from the State ; and whereas the compulsory payments of the wage-earners who do not belong to any mutual aid society, nor to a society authorised by the State, are, according to Art. 3, deducted by the employer out of the wages at the time when the latter are paid, such deduction being attested by the affixing of a composite stamp, representing in equal proportion the deduction and the contribution of the employer, to the paper delivered to the insured persons by the administration ;

" Seeing that the prescriptions of Art. 3 must be observed each time the employee presents his paper for the application of the stamp at the time he is paid, or in the case that the paper has not yet been delivered to him, if he agrees, the deduction of the payment due from him shall be made against the eventual affixing of the stamp, which alone constitutes the carrying out of the law; that the case will be otherwise if the employee, whether he has received the paper or not, refuse either to present it at the time he is paid or to authorise the employer to make the deduction fixed by the law ; that, in fact, no provision of this law authorises the employer to act as judge of the legitimacy of the employee's resistance or gives him the right to compel the employee to submit to a diminution of this wage ;

" That if the legislature had any idea of attributing such a power to the employer and obliging him to make use of it, the idea was dismissed ;

" That Art. 23 leaves no doubt in regard to this point, that its provisions are irreconcilable with the right which the employer would have had of keeping back a sum out of the wage of the employee who did not present his paper ; that in a first paragraph, this article provides for the case where the stamp has not been applied through the fault of the employer or that of the employee ; that this fault is punished with a fine, without prejudice to the condemnation to payment of the sum representing the payments of the party in fault; that this condemnation, when it is the employee who is in fault, can only be explained by the fact that the neglect to present the paper has prevented the employer from deducting the said payments ;

" That in a second paragraph, the same article deals with the employer who has been unable to fix the prescribed stamp, but who, nevertheless, is still bound to pay in his own contribution ; that it declares that this employer must make the payment due from him by paying the sum directly or through the post, at the end of each month, to the registrar of the justice of the peace or to the body recognised by the law ; that the words " due from him " cannot have any different signification in the second paragraph

than in the first ; that the employer's contribution is the only sum which is due from the employer, just as the deductions are due from the employee ; that if the employer has the right of liberating himself by the payment of his contribution alone, it is because the impossibility of affixing the prescribed stamp has freed him from the obligation of deducting the payments due from the employee out of the latter's wage ;

" That it follows from this that Bellamy had no right to impose a deduction of 0.12 Fr. on Carel, his employee, who had refused, from the wages that he owed him for four days work, since Carel did not present the paper on which the stamp prescribed by the law could be affixed :

" . . . For these reasons, the appeal is dismissed "

In consequence of this decision, the Minister of Labour made known his intention, at the Chamber of Deputies on December 15th., of laying before Parliament a text amending art. 23 of the law on Workmen's and Peasants' Pensions. In the meanwhile, we give the text of the project laid before Parliament on November 7th., which we have only referred to before :

" Article 1. Every compulsorily insured person, combining the conditions contemplated in Art. 4 of the law of April 5th. 1910, may, from the age of sixty years, obtain the payment of his pension, without any reduction of the annual allowance made by the State. This is due from the first day of the month following the demand for the liquidation.

" The benefit of the transitory regime, as set forth in Art. 4, § 5, of the law of April 5th., 1910, is extended, under the conditions provided for in that article, to insured persons aged from 30 to 35 years at the time the said law comes into force.

" Art. 2. The rate of the annual allowance of the State, provided for in Art. 4 of the law of April 5th., 1910, is declared at 100 francs.

" If the payments to the persons compulsorily insured have been made for less than 30 years and more than 15, the allowance is calculated according to the number of years the payments have been made, and this number is multiplied by 2.50 francs.

" Art. 3. The amount of the public assistance, allowances provided for by Art. 7 of the law of April 5th., 1910, is fixed at 100 francs.

" Art. 4. The annual allowances of the State are post-paid, out of the credits on the Budget of the Ministry of Labour.

" Art. 5. Each insured person combining the conditions contemplated in Art. 36 of the law of April 5th., 1910, may obtain payment of his pension from the age of sixty years.

" The maximum of the pension produced by the extra allowances acquired by the persons optionally insured, contemplated in Art. 36, § 4, is fixed at 100 francs.

" If an insured person has successively for more than fifteen years come within the terms of the first chapter and Art. 36 of the law of April 5th., 1910, without, however, having made the payments due for persons insured under the first chapter, for thirty years, he will have a right to an allowance fixed at 2.50 francs for each year of his payments in the character of a compulsorily insured person. This allowance will be added to the pension due from the extra allowances corresponding to his years of optional insurance, but the total must not in any case exceed 100 francs.

" Art. 6. The provisions of the present law will enter into force on May 1st.; 1912.

" All provisions contrary to the law of April 5th., 1910, are abrogated "

The Budget Commission afterwards concerned itself with proposed amendments to the law of April 5th., 1910. It considered three hypotheses: the first, the case in which the system of the security or the capitalisation(1) for the purpose of making an allowance of 100 francs to insured persons of from sixty to sixty-five years of age, who do not at present benefit by it, should be maintained; the total supplementary expenditure of the the first year would be 500  $\frac{1}{2}$  million francs, and for the following years, the annual expenditure would vary from 95 to 100 millions. These sums would be added to the figures previously provided which vary between about 125 and 100 million francs yearly, according to the period.

The Budget Commission, alarmed by the amount of this figure, rejected the security or capitalisation system, and it rejected also a mixed system and decided to have the distribution system, pure and simple, that is to say, it decided for the entry of the annual charges on the Budget. Under this system the State pays annually to each beneficiary, that is, to each insured person more than sixty years of age, an annual allowance of 100 francs.

The expenditure of the State for this purpose, according to the calculations which have been made by the writer of the Report, M. Morel, would be 47,400,000 francs the first year, 54,400,000 francs the second year, 61 millions the third year, and would thus increase until they would reach 100 millions in the tenth year and 146  $\frac{1}{2}$  millions the forty-fifth year, when the amount would become fixed.

These are not the only charges that would burden the State, however; the allowances for the persons optionally insured must be added to them and these would reach a sum of 37 millions the first year, 64 millions the eighteenth year, and afterwards drop to 14 millions by the forty-fifth

(1) This system involves payment, at the time when the pension becomes due, of the capital constituting the instalments to be paid, to the National Pension Fund.

year. The management expenses of the Fund must also be considered, and the writer of the Report has estimated these at 22,700,000 francs ; and in addition to these there are numerous irregular allowances.

After adding together the amounts for the various branches of expenditure, the Budget Commission found that the total charge on the State would be 128  $\frac{1}{2}$  millions the first year, 150  $\frac{1}{2}$  millions the fifth year, 188 millions the tenth year, 228  $\frac{1}{2}$  millions the twentieth year, 232,900,000 francs the thirtieth year (maximum), 226,700,000 francs the fortieth year, and 223  $\frac{1}{2}$  millions the forty-fifth year, when the permanent amount would be reached.

After considering this Report, the Chamber of Deputies, at its sittings of December 15<sup>th</sup>., 16<sup>th</sup>., 19<sup>th</sup>., 20<sup>th</sup>., and 21<sup>st</sup>., 1911, voted the incorporation in the Finance Act of amendments on the following points :

As far as compulsorily insured persons are concerned, the pension may be paid at sixty years of age and at any intermediate age between sixty and sixty-five, at the request of the insured person. The annual allowance of the State is fixed at 100 francs to start at 60 years' and will be increased by an allowance of a tenth more for each insured person of either sex who has brought up at least three children to the age of 16 years. When the insured person does not ask for the payment of his pension until after 60 years of age, the State allowance will be paid each year up to the time the pension is paid, and will be capitalised as an open account with the insurance society chosen by the person insured.

In addition, it is admitted that the two years' military service will be taken into account in fixing the amount of the annual allowance. For women, each confinement, proved by declaration made to the officer of the Civil State, will count as one year in the calculation of the annual allowance.

Lastly, in order to repair an injustice in the law of 1910, which had allowed a pension of 100 francs to workmen of less than 65 years at the time the law entered into force, and had not considered the workers of more than 65 years, who have no right to aid by the law of 1905 until they have reached 70 years, an annual sum of 100 francs has been arranged for the latter at the charge of the State.

Another of the amendments is of interest to persons optionally insured, lowering the age for the receipt of the pension to 60 years in their case also. An additional allowance is made each year out of the State Funds to the capital transferred to the account of the person interested : this allowance will be equal to half the payments made, and will cease when the annual allowance due at 60 years of age from the additional amounts previously paid reaches a figure of 100 francs. There is an increase allowed for the benefit of those insured persons who have brought up at least three children to the age of 16 years.

The final series of provisions systematises the position of the insured person who has successively been insured compulsorily and optionally, and provides for the possibility of loans, which may be reimbursed to the insurance funds, to cover the expenses connected with his first establishment.

These several amendments will enter into force on May 1st., 1912. There is not doubt that they will be sincerely welcomed by the persons interested. It also appears that, from henceforth, the law on workmen's and peasants' pensions will be adopted by the country. On January 12th., the Ministry of Labour communicated the following Note to the papers, giving a summary of the results of the last quarter :

" The total number of insured persons, which was 5,876,695 on July 1st., 1911, and 6,477,820 on October 1st., was 7,072,898 on January 1st., 1912.

" The number of insured persons who had signed their paper, was 1,767,282 on July 1st., 1911, and 2,136,140 on October 1st., while they had risen to 2,562,714 on January 1st., 1912.

" The number of persons optionally insured, which was 243,065 on July 1st., 1911, and 288,879 on October 1st., was 359,372 on January 1st., 1912.

" To sum up, the total increase up to January 1st., 1912, compared with the published results of 595,079 on October 1st., was as follows ;

" Increase of insured person who had signed

their papers . . . . . 426,574

" Increase of those officially registered . . . 98,011

" Increase of persons optionally insured . . . 70,493."

The National Office for Workmen's and Peasants' Pensions, on its side, has concerned itself with the classification of the requests for pensions for the first six months of the application of the law. These requests are as follows : 10,352 insured persons, who have been paid ; 3,665 requests divided which will be continually transmitted to the management of the societies ; 2,614 requests which have been returned to the Prefecture to be put in order ; and 5,829 requests at present being dealt with. Altogether 22,450 pensions have been paid or are on the point of being so.

Amongst the 10,350 persons insured, there are 7,380 compulsorily insured who have received an allowance of 60 francs and an extra allowance of 40 francs ; 81 compulsorily insured who have not furnished the certificate of three years' payments and do not benefit by the advantages of the transitory regime ; 2,612 persons optionally insured under the transitory regime (farmers, artisans, small masters), who have received an allowance of 50.40 francs ; 161 persons optionally insured who have no right

to benefit by the transitory regime; 118 persons optionally insured (metayers and farmers paying less than 600 francs for farm rent), who have received an allowance of 60 francs and an extra allowance of 40 francs.

The Budget provisions for the annual allowances and for the extra allowances was 19,300,000 francs; that for the additions and extra allowances for the persons optionally insured was 1,200,000 francs, or for the first six months' application altogether, 20,500,000 francs.

The 7,380 persons compulsorily insured have cost 738,000 francs; the 2,612 optionally insured, 131,644.80 francs, and the 118 metayers or farmers 11,800 francs, or a total of 811,444.80 francs.

Comparing this sum of 20,500,000 arranged for with the net amount of the State contribution, we find that there is a surplus of 19,618,556 francs, which could not be used on account of the small number of requests made for payment.

These numerical data will be continually increasing in the future, because the application of the law will be facilitated more and more every day when the bodies charged to insure this service are in full working order. This, at any rate, is the conclusion arrived at by M. Roger Picard (1), after an inquiry which he has been making, the results of which we summarise as follows :

The mutual aid societies, in mass, asked, for authorisation to collect and receive the contributions of their members ; they found this not merely an excellent means of propaganda but a material advantage also, since the Government allows them a commission of 5 per cent on the sums received by them ; thus, at the end of last November, there were no less than 2,764 societies that had asked for this authorisation, and they have received it in hundreds by Ministerial Decree since May 30th., 1911. It would be interesting to know what relation this number of societies bears to the whole of the mutual institutions, and whether it is the small societies, or, on the contrary, the organisations which are already powerful, which have joined the movement.

A certain number of mutual aid societies have been authorised to ensure fully the pension and allowance service. We have counted nine of these so far ; *The Regional Mutualist Federation of the South-West*, the *District Union of Mutual Aid Societies of the Loire* the.... *Union of the Indre-et-Loire*, the.... *Union of the Loiret*, the....*Union of the Lower Loire*, the ....*Union of the Ardennes*, the...*Union of the Gard*, the *Federal Bank of Nice* (2) and the *Regional Federation of Mutualist Unions of the East*. These

(1) Roger Picard: *How is the Law on Workmen's Pensions Working?* in the *Revue Socialiste* for Dec. 15th., 1911.

(2) By a happy innovation this Bank has founded, among other things, an insurance service for the contributions of the Law of April 5th., 1910, the object of which is

are very powerful societies, and they are the only kind that could undertake such a task, because the law requires a minimum of 2,000 members in the societies which ask for authorisation, and indeed, practically, ten times this amount is necessary in order to insure success.

The employers' and syndicates' societies hastened to benefit by the law. The employers' establishments for workmen's pensions, constituted before the law of April 5th., 1910, had to modify their rules and bookkeeping in order to conform to the law; 43 of these institutions have up to the present made this transformation, and we may mention, among them: the Gas Societies' Banks of Paris, Lyons, and Marseilles, The General Water Company of Paris, the Magazines of the Louvre, the Pasteur Institute, the Crédit Lyonnais, the Solvay Establishments, etc. By syndicates, societies we understand those societies which group together different employers of one and the same industry; the initial capital necessary to their constitution is as a rule subscribed by the employers, and the society is administered by their delegates together with an equal number of workmen who are appointed by the meeting of the shareholders.

There have been two societies of this description constituted: that of the *Blacksmiths' Committee* and that of the *Textile Commerce and Industry of Tourcoing*. In addition, a syndicate building society has been constituted in the form of a guarantee syndicate, which joins all the employers jointly and severally together for the carrying out of the obligations contracted by the society. Other societies are being constituted in the chemical industries and the food trade.

District and regional societies, the chief distinctive characteristic of which is that of being administered by functionaries and delegates *elected* by employers and workmen, are also beginning to appear. The first to be constituted was a regional bank, comprising Ile-et-Vilaine, Côtes-du-Nord, Morbihan, Mayenne and Sarthe (Decree of August 8th., 1911). After this came the district societies of Côte-d'Or, Nord, Meurthe-et-Moselle and Meuse.

All these form a considerable number of bodies, and have altogether 7 million insured persons entered on their books. To what extent they operate, what population of insured persons they serve, and what reception they have had, it would be difficult to say at the present moment. An inquiry conducted into each of these bodies would be the only way of discovering the answer to these questions, and this task will be undertaken by the Direction of the Pensions one of these days.

to guarantee, by means of a minimum contribution of 30c. a year, those benefiting by the Workmen's and Peasants' Pension Law against the diminution of their legal pension in consequence of the nonpayment of their contributions through illness or involuntary unemployment.

What is very certain, at the present time, is that they are of a nature to simplify the working of the law and to permit of a fruitful utilisation of the sums capitalised.

At the time when private initiative was utilising the law for the purpose of creating bodies to carry it out, the Government was publishing a series of decrees, resolutions, circulars and instructions for the purpose both of interpreting the law and regulating the practical details necessitated by its coming into operation. We will now make a rapid examination of this abundant production of official texts, taking account only of those published after the Regulation of the Public Administration of March 25<sup>th</sup>, 1911, which we dealt with in our number of July 31<sup>st</sup>, 1911 (1).

We have already mentioned the acts of authorisation or constitution of the different pension funds; the control and bookkeeping of these societies have also been the object of important regulations. The *resolution of April 25<sup>th</sup>, 1911*, defines the conditions imposed on the working of mutual aid societies as pension institutes; they must convert the payments received into stamps; they must prove that they have received these sums; and they receive only 5 per cent for the payments made by the workers.

The departmental societies (*Decree of August 24<sup>th</sup>, 1911*, *Decree of August 28<sup>th</sup>, 1911*) must submit their budget to the approval of the Minister of Labour. The operations of their administrative services, and the financial or technical insurance operations which they carry on are regulated in the most precise fashion.

All these societies that we have mentioned are subject to the financial control of the general Treasury paymasters and the receivers of the Finances, to whom the societies must deliver their books periodically and who have very extensive rights of examination (*Decree of August 11<sup>th</sup>, 1911*).

The Law of April 5<sup>th</sup>, 1910, provided for the participation of the Savings Banks in the working of the law. Several Ministerial acts (*Instructions of July 5<sup>th</sup>, 1911*, *Decree of September 18<sup>th</sup>, 1911*, *Instructions of October 2<sup>nd</sup>, 1911*) have defined the conditions under which these must work. The Savings Banks may collect the payments of their members, or may receive the amounts in advance and enter them on the paper with a special mention. The member of the savings bank may have the withdrawals made at periods which have expired or are to expire; in this case he presents his paper at the end of each period, and the withdrawals are entered on his savings book as a reimbursement. He may also ask for the withdrawal to be made in a round sum and in advance. The Bank has to have a special bookkeeping for these various operations, and, like

(1) Bulletin of the Bureau of Economic and Social Intelligence, 2<sup>nd</sup> Year, No. 7 31<sup>st</sup> July, 1911. p. 133. "Execution of the Law of April 5<sup>th</sup> 1910, on Workmen's and Peasants' Pensions".



the mutual societies, it receives a commission of 5 per cent. The advantages of granting this facility to the savings bank are obvious ; the insured person pays his contribution whilst at the same time receiving the whole of his wages, and the employer is free from the necessity of making deductions.

The labours of the Direction of Pensions have not been limited to regulating the operations of the pension bodies ; it has also had to organise administrative methods which must henceforth be adopted in the Town Halls and Prefectures in order to insure the daily carrying out of the law, to solve the practical problems which have arisen through the interpretation of the text ; in fact, to see to the complete regulation of the law.

The circulars of March 29th., and July 1st., 1911, defined and specified the obligations and labours incumbent on the mayors and prefects, in the first place for the constitution of the Communal Commissions charged to draw up the provisional lists on the basis of the last Census, and then for the purpose of sending the information papers, drawing up the insurance papers, drawing up the rules for cases of wage-earners who may be permitted to choose between the lists of compulsory and optional insurance. The making of the definite lists, the exchange of papers, the examination of the requests in liquidation, the admissibility of requests for allowances after death, have been the subject of extremely detailed formulae which are at the same time very ingenious and clear. The heavy labour imposed upon the Communes is repaid by special subsidies arranged for in the Financial Act of July 13th., 1911.

The task of the Communal and Prefectural administration, thus is greatly facilitated. The insured public, actual or possible, is not so well informed, however ; and the circulars have had to contain the definitions of the rights and duties conferred by the law on certain workers. The circulars of June 27th., and August 9th., 1911, declared that the insurance was compulsory for the wage-earners of districts, communes and public establishments ; the Ministerial replies made to some questions put forward by deputies stated that the same rights pertained to the office collectors (June 9th., 1911) letter carriers (postmen) (Sept. 9th.), and old military pensioners who have become wage-earners (July 23rd., 1911). Jurisprudence entered into the question here, creating some confusion, it is true, in regard to the kind of accumulation of pensions. The tribunals, having to decide whether a functionary, on the civil or military pension list, and working at an accessory labour (teacher, or mayor's clerk, for instance), might ask for the benefit of the Law, replied now in the affirmative (Justice of the Peace of Orbec, July 20th., 1911), now in the negative (Civil Tribunal of Montdidier, July 8th., 1911 ; Civil Tribunal of Limoges, August 16th., 1911).

Other compulsorily insured persons in regard to whom some difficulties have arisen are the wards of Public Charity. For these, the circulars

of May 19<sup>th</sup>. and July 17<sup>th</sup>., 1911, declared that the employers with whom these persons are placed cannot escape the obligation of payment, even if this obligation be not entered on the contract which the employers have made with the Public Charity. As to the ward's payment, it is deducted once for the whole year from the part of his wage which is paid to his account, and not from his pocket money.

It has been necessary from the beginning to consider the question of organising the procedure in regard to requests for the payment of pensions. The *Decrees of March 22<sup>nd</sup>., March 30<sup>th</sup>., and April 3<sup>rd</sup>., 1911*, provided for this, enumerating the documents to be presented by the insured persons and prescribing the necessary measures for them to be easily delivered to them. A *circular of August 2<sup>nd</sup>.* set forth the conditions required in order that the allowance might be received in the case of the death of the insured person ; the deceased must have made three-fifths of his compulsory payments and have died before reaching the age for the payment of the pension. The widow has no right to this pension, but the children benefit by it whether the deceased was their mother or father.

We shall have traced the Ministerial work relative to the Pension Law almost in its entirety when we have mentioned the *Decrees of April 13<sup>th</sup>., and June 3<sup>rd</sup>., 1911*, establishing 37 types of pension stamps, workers employers- and mixed-, from 0.01 Fr. to 1.50 Fr., and regulating the sale of them ; the important *circulars of May 4<sup>th</sup>., June 17<sup>th</sup>., and August 16<sup>th</sup>. 1911*, on the composition of the law in the texts concerning assistance to aged persons ; and lastly, the *circular of August 28<sup>th</sup>., 1911*, ordering the application of the measures to be taken against parties in fault and more especially against workers who destroy their paper or against employers who prevent their workers from procuring the papers or presenting them.

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# INSURANCE

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## GREAT BRITAIN AND IRELAND.

### RECENT NEWS

**Old Age Pensions in 1910-1911.** — The Second Report of the Commissioners of Customs and Excise gives some information in regard to the working of the Old Age Pensions Act, 1908, which enables us to publish some tables relating to the Old Age Pensions in 1909-10 thus completing those already published in the Bulletin (1).

It will be seen that the number of persons benefiting by the Act has considerably increased; from 699,352 on March 31st., 1910, it rose to 907,461 on March 31st., 1911, an increase, that is to say, of nearly 30 %. This increase is chiefly due to the removal of the disqualification as set forth in Section 3 sub-section (1) (a) of the Old Age Pensions Act, 1908, concerning those persons who have received poor relief at any time since January 1st., 1908, outside the various kinds of special relief excepted (mainly medical or surgical aid) (2).

On account of this amendment, the number of new pensions payable from January 6th., 1911, was :

	Men	Women	Total
England and Wales . .	40,707	94,678	135,385
Scotland . . . . .	2,341	8,133	10,474
Ireland . . . . .	5,698	11,608	17,306
	48,746	114,419	163,165

(1) See the *Bulletin of Economic and Social Intelligence*, Oct. 31st., 1911. p. 135.

(2) At present, the law only prohibits the combination of old age pensions with poor relief other than that specially exempted by the Old Age Pensions Act, 1908.

From £2,070,000 in 1908-1909, the charge on the Budget for Old Age Pensions rose to £8,496,394 in 1909-1910, and £9,797,678 in 1910-1911, a figure which will be greatly exceeded in the present financial year, the outlay for which has been estimated at £12,415,000.

The three following tables, drawn up from the Report of the Commissioners of Customs and Excise give :

In the first, the number of pensions payable at the end of the financial years 1908-9, 1909-10 and 1910-11 ; in the second, the distribution per amount of the pensions payable in the above-mentioned periods ; in the third, the claims made in 1910-11 for pensions, the rejection of claims and the cancelling of pensions :

*I. — Number of pensions payable on the last Friday in March of each year since the passing of the Old Age Pensions Act.*

	1909	1910	1911			
	Number of Pensioners	Number of Pensioners	Number of Pensioners			Number of Pensioners per 1,000 Inhabitants
			Men	Women	Total	
England . . .	369,037	414,108	204,262	371,527	575,789	17.02
Wales . . . .	24,663	27,381	13,896	24,188	38,084	
Scotland . . .	70,294	76,889	30,440	61,365	91,805	19.29
Ireland . . . .	183,500	180,974	84,452	117,331	201,783	46.05
United Kingdom	647,494	699,352	333,050	574,411	907,461	20.07

II. — *Distribution per Amount of the Pensions Payable on the last Friday in March, 1911.*

	Weekly Pensions					Total
	of 5 shillings (a)	of 4 shillings (b)	of 3 shillings (c)	of 2 shillings (d)	of 1 shilling (e)	
England	533,507	16,033	15,165	7,193	3,891	575,789
Wales . . . . .	35,623	936	864	418	243	38,084
Scotland. . . .	87,632	1,551	1,586	642	394	91,805
Ireland . . . .	190,852	3,768	4,381	1,992	790	201,783
United Kingdom	847,614	22,288	21,996	10,245	5,318	907,461

(a) Total resources not exceeding £ 21 a year.  
 (b) do do do £ 13 12s 6d a year.  
 (c) do do do £ 10 5s 6d a year.  
 (d) do do do £ 8 17s 6d a year.  
 (e) do do do £ 3 10s 6d a year.

III. — *Claims for Pensions in 1910-11, Rejection of Claims and Cancelling of Pensions.*

	Claims Received during the year	Pensions Cancelled	Reasons for Rejection of Claims and of the Cancelling of Pensions				Number of Pensioners of whose Death the Commissioners had received information from April 1st, 1910, to March 31st, 1911.
			Age	Receipt of Relief	Sufficient Means of Subsistence	Various Reasons	
England . . . . .	269,101	5,067	8,049	7,352	5,634	2,851	44,461
Wales . . . . .	18,218	333	728	549	602	232	3,244
Scotland. . . . .	31,597	686	2,694	926	721	459	8,722
Ireland . . . . .	66,884	3,197	11,149	2,974	3,203	1,253	17,238
United Kingdom	385,800	9,283	22,620	11,801	10,160	4,795	73,665



PART III.

**CREDIT.**





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# CREDIT

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## FRANCE.

### I. - CURRENT QUESTIONS.

#### The Bank of France and Agricultural Credit in the period 1900-1909.

##### Sources :

HENRY SAGNIER : *Le Crédit agricole en France. Ses origines, son essor, son avenir (Agricultural Credit in France; Its Beginnings, its Advance, its Future)* Paris, Librairie agricole de la maison rustique, 1911

In an article in the last Bulletin (1) we dealt especially with agricultural credit business as transacted by co-operative institutions.

We shall here speak of non-co-operative agricultural credit transacted by the financial institutions in accordance with normal banking principles; and since the Bank of France especially transacts this form of credit business, we shall here briefly summarise the benefits that this great institution has already for several years been rendering to national agriculture, and for the purpose we shall avail ourselves of a recent study of M. Sagnier's and the results of an enquiry carried out by him at the Head office of the Bank of France.

This leading financial institution of France does double duty with regard to agricultural credit : first of all, it plays a passive part, as chief supplier of the State, to which it gives its own funds for the reinforcing of co-operative credit institutions ; its second rôle is, on the contrary, active, doing credit business directly with individual associations and farmers

(1) Bulletin, January, 1912, page 59.

§ 1. *The Indirect Action of the Bank of France  
with regard to Agricultural Credit.*

The reader of the Bulletin knows (1) that the Bank of France, on the renewal of its privilege sanctioned by the law of 17th. November, 1897, placed 40 millions at the disposal of the State, as a loan without interest, repayable in 1920; in addition it undertook to pay a yearly contribution corresponding to the eighth of the rate of discount on its bills at interest, a contribution which must not be less than two million francs.

The State must make use of this fund in granting loans without interest to the regional co-operative agricultural credit banks for the various purposes of which we have spoken at length elsewhere (2).

From the statements presented at the Shareholders' Meeting it appears that the amount of the yearly contribution has always exceeded what was anticipated. The following are in fact the data for the period 1897-1910:

1897 . . . . .	2,742,314.80
1898 . . . . .	3,242,899.26
1899 . . . . .	4,857,289.95
1900 . . . . .	5,655,333.72
1901 . . . . .	4,107,620.15
1902 . . . . .	3,777,141.87
1903 . . . . .	4,314,649.43
1904 . . . . .	4,521,589.76
1905 . . . . .	4,225,042.51
1906 . . . . .	5,332,528.05
1907 . . . . .	7,352,141.60
1908 . . . . .	5,533,501.80
1909 . . . . .	4,790,508.64
1910 . . . . .	5,733,368.28
Total . . . . .	66,190,929.82

During these fourteen years then the Bank has paid about 66,200,000 frs. to the State for purposes of co-operative agricultural credit.

(1) See Bulletin April, 1911, p. 209.

(2) See Bulletin December, 1910, pages 219 & 274; Bulletin, April, 1911, p. 83. The law of 29th December, 1911 (*Journal officiel* of 30th December, 1911) in approving the agreements entered into between the Government and the Bank of France, approved the modifications introduced into the *régime* of the latter establishment as conditions for preserving its privilege as a bank of issue up to 31st December, 1920. Since the passing of the law the Bank has made the State a new advance of 25 millions to be kept in reserve until it has been established by legislative provision under what conditions this amount shall be applied to the credit institutions, either as new sub-

§ 2. *Agricultural Credit Business Transacted Directly by the Bank of France.*

In tracing elsewhere the historical development of French agricultural credit we noted (1) how the Bank of France contributed to the formation of the first local credit societies and how in certain regions of extensive live-stock improvement it strove to facilitate the cattle trade by opening *comptes d'embouche* (cattle accounts) for farmers. When the system of subventioned mutual agricultural credit in conformity with the law of 1899 was founded, the Bank of France did not for that cease to exercise its beneficent action, either in favour of the associations or of simple farmers.

a) *Operations of the Bank of France with the Regional Banks.*

From the enquiry carried out by M. Sagnier it appears that many of the regional banks — 87 out of 96 — are in relation with the Bank, both for discount operations and for loans.

*Loans :*

The total amount of loans on documental securities for the ten years' period 1900-1909 was estimated at 78,763,000 francs ; the total value of securities deposited was 14,194,000 frs. The amount lent is distributed among the banks in varying proportion. Of 86 banks in relation with the Bank of France, only 62 have had recourse to credit and in very different proportions : 9 of them received 70 millions, 54 millions of which were divided among 3 banks.

*Discounts :*

The discount business amounted to a total of 171 millions, distributed among 76 banks : 51 have discounted bills for less than a million and 13 for between one and five millions each. The total amount discounted by these 64 banks did not exceed 58 millions.

sidies out of which agricultural credit and maritime credit may be granted, or for the organisation of credit among the middle commercial and industrial classes. As to the sums paid in virtue of the law of 1897, namely the advance of 40 millions and the annual contribution, applied to agricultural credit, no change shall be made. The only change made with regard to the contributions has been in the amount : while up to the present it has been calculated only on the basis of an eighth of the rate of discount, multiplied by the amount of the bills, etc. issued at interest, it shall in future be calculated on the basis of the seventh when the rate exceeds  $3\frac{1}{2}\%$  and a tenth when it exceeds  $4\%$ .

(2) Bulletin, January, 1912, p. 59.

On the other hand, 12 regional banks have been in much more active relation with the Bank of France: 7 have each discounted bills for from 7 to 10 millions and 5, bills for from 10 to 20 millions. Altogether these 12 banks have discounted bills for 113 millions, that is an amount equal to two thirds of the total bills discounted.

To sum up, the operations of the Bank with the regional banks during the period 1900-1909 appear as follows:

Loans on security of documents . . . . .	Frs. 171,000,000
Discount . . . . .	» 79,000,000
	Frs. 250,000,000

In this business the Bank has made a profit of 1,079,000 frs, that is 0.44 % of the total operations.

*b) Operations of the Bank of France with private farmers.*

These operations also consist in loans on securities and discounting.

*Loans:*

The loans on securities granted to farmers reached the total of 159 millions in the decade 1900-1909. They were granted for various objects, often for farm improvements.

*Discounts:*

The bank does two kinds of discounting for the farmers, *warrant-discounting* and *bill-discounting*.

(1) *Warrant-discounting*. — We know that the agricultural warrant, definitely regulated by the 1906 law has not yet taken its place among the usages of the French agricultural world. In fact the regional banks, only discounted warrants for 9 millions in 1908 and for 10 millions in 1910.

Yet the figures afforded in this connection by the Bank of France allow of our inferring that this efficacious means of credit is acquiring a certain importance. In fact the Bank has in the above decade discounted *warrants* for 73 millions.

It is well to note that the employment of warrants is localised in certain districts and only 25 branches have conducted such operations. They are most frequent in winemaking districts, as they are best adapted to this class of business. Seven branches of the Bank discounted *warrants* for 71 millions, which means almost the whole of the business. The almost exclusively winemaking department of the Gironde takes the first place.

(1) See Bulletin, April, 1911, pag. 212.

with *warrants* for more than 63 millions; then come the departments of Puy de Dôme, with warrants for 3,180,000 frs., Charente Inférieure for 2,140,000 frs., Aude and Hérault for about 1,750,000 frs., and Lot for 851,000 frs. In the other departments the *warrant* discounting business did not exceed 500,000 frs.

(2) *Bill-Discounting*. Bill discounting is of much greater importance for the action of the Bank in behalf of the farmers is especially concentrated upon these operations.

The total amount of bills discounted by 61 branches in the above decade is estimated at 344 million francs. Here also we observe a great difference in the proportion of operations. Whilst 26 branches show an amount for discounting in each case of less than one million francs, and altogether 8 millions, 35 show much higher figures. In 24 branches the amount discounted varies between one and five millions in each case with a total of 50 millions; in 13 branches between 5 and 10 millions with a total of 18 millions. Finally, in 8 branches, more than 10 millions were discounted in each case with a total of 268 millions, which represents more than three fourths of the total amount discounted.

The following departments show the highest figures: Cher, 63 millions; Nièvre, 60; Allier, 60; Saône et Loire, 12½; Calvados, 47½; Orne, 12; Nord, 16½; Ardennes, 11. The region of the Centre has the first place; then follow Normandy, the North and the Ardennes.

It may therefore be deduced from these data that such a form of credit has been most widespread in the regions in which the cattle trade is specially developed. Without considering that the cattle industry requires the largest amount of capital, the phenomenon is explained by the action of the Bank which has for many years encouraged the purchase and fattening of cattle with special facilities for credit.

The regions in which the winemaking and stockbreeding industries flourish thus appear to resort most extensively to credit; we have besides had an opportunity of pointing this out in connection with co-operative credit itself (1).

To sum up, the operations of the Bank of France carried out directly with private farmers in the course of the decade 1900-1909, appear as follows:

Loans on Documental Securities . . . . .	159 millions
Warrant Discounting . . . . .	73 „
Bill Discounting . . . . .	344 „
Total . . . . .	576 „

French agriculture has therefore profited by more than a half milliard of credit opened by the Bank of France. If we add to this amount the

(1) See Bulletin, January, 1912, pp. 66-67.

operations conducted by the latter with the regional banks, we obtain a total of 826 millions.

M. Sagnier ends his report by observing that the Bank of France has shown and shows in the conduct of agricultural credit business far more zeal than is generally believed. Having had occasion to observe in the course of its long experience that the agricultural custom is solid and secure, the Bank willingly opens credit even for small farming enterprise. The agricultural world is often ignorant of the mechanism of these operations and does not know how to profit sufficiently by them.

By its rules the Bank can only discount bills at three months and with three endorsements. The first condition has always been observed; as to the second, arrangements have been devised for facilitating the discounting of their bills for the customers of the Bank and thus reducing the cost of credit. The third signature may be replaced by a deposit of securities in one of the branches; and it is not necessary that these securities should represent a large sum; it is enough that they should be in proportion to the operations. The deposit represents a minimum limit of security; if the customer offers besides considerable guarantees of solvency and honesty, the Bank may raise the limit established. In a letter to the Minister of Finance at the date of the renewal of the Bank privilege (31st. October, 1896) the Governor bound himself as follows: "The Bank will increase, in a measure it shall determine, according to the solvency of the customers, the proportion of paper with two endorsements to be discounted in return for an amount of securities deposited in guarantee for discounting". This promise, adds the writer of the report, has been amply fulfilled.

The bills with two endorsements are discounted at the normal Bank rate, which is almost always 3 %.

M. Sagnier hopes the farmers may better appreciate the advantages of this form of cheap credit granted by the great financial institution, which, far from substituting itself for the small local co-operative institutions, which still remain the natural institutions of agricultural credit, may yet complete their action and contribute efficaciously to the progress of agriculture.

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## II. — RECENT NEWS.

I. — **Market Price of Unbuilt on Property in France.** — M. E. Michel, Chief Inspector of the Land Credit Institution, has just published an interesting pamphlet in which he attempts to determine the present market price of unbuilt on land in France.

According to his personal calculation, this value must to day be nearly 75 milliard francs, a figure very near to that at which M. Edmond Théry arrived, in his recent book on the *Public Wealth of France*, where he stated it at 75,500 millions of francs.

M. E. Michel calls attention in his pamphlet to a very detailed enquiry now being carried out by the Department of Finance, with a view to a new valuation of unbuilt on land.

It is already calculated that the figure arrived at will be approximately 73 milliards of francs.

If we remember that in 1877, the market price of unbuilt on land was calculated at 91,500 millions and that in 1901 it had fallen to 64 milliards, we may conclude, he adds, that the crisis which began in 1877 is now nearly over. According to him, we must seek for one of the causes of the improvement in the customs regime of 1892.

(E. MICHEL, *La valeur vénale de la propriété non bâtie en France*, Paris. (Market Price of unbuilt on Land in France) . Rousseau, 1911. *L'Economiste Européen*, Paris, 15th. December, 1911).

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2. — **Fluctuation in Value of the Bonds of the Land Credit Institute.** — In the course of 1911 the land credit bonds experienced the same fluctuations in value, as nearly all important French personal securities. Internal political events, such as the disturbances in Champagne and the ministerial crises, as well as the vicissitudes of foreign policy contributed to this.

In the following table we reproduce from the *Economiste Européen* will be seen the fluctuations in the current value of the Land Credit



Bonds last year, compared with those undergone by other important French securities.

Number of Securities	Title of Securities	Nominal Value of Securities Considered	Value on 31st Dec. 1910	Value on 30th Dec. 1911	Difference in Value on 30th Dec. 1911 and 31st Dec. 1910
		millions of frs.	millions of frs.	millions of frs.	millions of frs.
13	French Revenue . . . . .	26,224	25,500	24,731	- 769
10	Town of Paris Bonds . . .	2,013	1,950	1,902	- 48
12	Land Credit ( <i>Crédit Foncier</i> ) Bonds . . . . .	4,831	4,646	4,565	- 81
5	Various Land Bonds . . .	1,309	769	750	- 19
13	Credit Societies' Shares ( <i>ac-</i> <i>tions</i> ) . . . . .	1,437	3,427	3,458	+ 31
11	French Railway Shares ( <i>ac-</i> <i>tions</i> ) . . . . .	1,392	3,321	3,329	+ 8
43	French Railway Bonds . .	18,984	16,332	15,831	- 501
34	Various Private Societies' Shares ( <i>actions</i> ) . . . . .	985	2,685	2,851	+ 166
22	Various Private Societies' Bonds . . . . .	778	710	696	- 14
163		57,953	59,340	58,113	- 1,227

Consequently, the exchange value of the Land Credit Bonds have decreased by 81 million francs, which is equivalent to 1.7 % of their value (4,646 millions) at the end of last year. However, this loss is less than that of the general average, which is about 2.1 % (1,227 millions in 59,340)

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# CREDIT

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## HUNGARY.

### CURRENT QUESTIONS.

#### National Confederation of Land Credit Institutes in Hungary.

The law XXXI of 1868 repealed all the laws up to then in force against usury, at the same time annulling all actions for usury in course and forbidding the carrying out of sentences already passed.

Unfortunately, while proclaiming liberty of contract with regard to the rate of interest, this law has encouraged the usurious practices it was intended to combat, so that the land registers frequently show loans on mortgage then contracted at a rate exceeding 100 % and sometimes even higher.

Such cases rapidly multiplied so that the Government soon recognised the necessity of amending a law that was too liberal.

The first step taken in this direction was in the law VIII of 1877, limiting the rate of interest to 8 %, and then in the law XXV of 1883 which has remained up to date the fundamental law against usury.

In spite of indisputable results, these laws were shown to be insufficient, the rather as a new state of things was brought about by the law V of 1894, which inaugurated home settlements and above all the subdivision of land, in Hungary.

In consequence, in fact, of misunderstandings and a false interpretation of this law, the subdivision has in many instances become a matter of speculation and a matter of money making on the part of certain little scrupulous credit institutions.

Yet, thanks to the successive decrease in the rate of interest, caused by the competition of capitalists and the extraordinary progress of well managed credit institutes, we have seen the development and consolidation of personal and real credit on a new basis.

It is especially the "Magyar Földhitelintézet" and the "Kisbirtokosok Országos Földhitelintézete" — both organized on a co-operative and mutual basis — that have exercised a decisive and very favourable influence on the development of land credit and in a few decades have perfectly transformed it in Hungary.

Let us also mention the Central National Credit Association "Országos Központi Hitelszövetkezet" established with the very efficacious assistance of the State on the basis of Law XXIII of 1898, the special importance of which consists in allowing the small proprietors a share in the profits from credit organized by means of more than 2,000 rural associations scattered over the whole country, but directed by it.

In consequence of the improvement of the conditions of credit and through the change of the economic position of the humbler classes, a characteristic trait of the Hungarian people has begun to manifest itself with constantly increasing intensity: we mean the invincible desire of acquiring land.

The natural consequences of this tendency of the peasants has been to raise the price of land considerably; land, which even before was selling above its value has now reached such prices that the purchaser cannot hope to find in farming the land a sufficiently remunerative return for the capital invested. Many businesses have been formed with the object of buying land for reselling in lots. Other credit societies, already many years in existence, have extended their action to this class of operations.

Organized with the aim of making money, all these businesses are little concerned with the real interest of the peasant, and very often he, in contending with the difficulties of a bad season, ends by failing miserably.

Parliament was moved by this condition of things and has authorized Government to establish in union with three Credit Institutes: the "Magyar Földhitelintézet," the "Kisbirtokosok Országos Földhitelintézete" and the "Országos Központi Hitelszövetkezet," an Institute giving every guarantee — while safeguarding the legitimate interests of all parties — for the equitable satisfaction of the desire of the Hungarian people to acquire land and capable besides of providing for the social, economic and political duties which it must undertake for the part of the State.

This institute, which was founded a short time ago, on the basis of the law XV of 1911, is the National Confederation of the Land Credit Institutes of Hungary, the "Magyar Földhitelintézetek Országos Szövetsége", a powerful agrarian bank, instituted partly with funds supplied by the State and working under its permanent control.

The Institute will, by the law, have to occupy itself with the subdivision of land, home settlements and the carrying out of other economic-political provisions; building of agricultural labourers' houses, purchase of public pasture lands, acquisition of land by means of annual payments.

sale of land producing annual revenue, dismorgaging of land by means of life insurance, settlement of emigrants returning from America or elsewhere, and finally the foundation and extension of collective farming.

To ensure the regular administration of the Institute, its capital has been fixed at 15 million crowns of which 8 millions have been paid by the State.

In addition, the State has passed bonds to the Institute for an amount of 10 million crowns, on condition that these bonds be used for the formation of a guarantee fund for bonds to be issued eventually by the Institute or as a temporary supplement of the working capital of the Institute.

In addition to its immediate assistance in money the State has also attempted to contribute to the progress and rapid development of the Institute by exempting it from taxes and contributions and by other important facilities enumerated in the law.

On the other hand, the Government — establishing the provisions for its regulation and administration and constantly supervising its operations by means of employees of the Ministerial Departments of Finance and Agriculture appointed for the purpose by the competent Minister, — guards against the intrusion of speculation and takes care that private interests shall not unjustly preponderate in the management of the business of the Institute.

In connection with the measures for the organization of the new Institute and in consideration of the duties to be performed by it, the law has amended and extended respectively some of the provisions of law V of 1894.

The following is the text of the new law.

**Law of 27th July, 1911, on the National Federation of Land Credit Institutes.**

**CHAPTER I.**

*Of the National Confederation of the Establishment of Hungarian Land Credit.*

**Article 1.**

The Government is authorized to support, to the following degree, a National Confederation of Hungarian Land Credit Establishments, an institution which shall be formed with the help of the Hungarian Land Credit Institute, the Small Farmers' National Institute and the Credit Department of the "Central National Co-operative Society," and shall have as capital 15 million crowns, composed of foundation shares of equal amount. The Institute shall occupy itself in the first place with the execution and encouragement of plans for subdivision, settlements, and other arrangements of agricultural policy, approved by the Minister of Agriculture as well as the satisfaction, in the manner laid down by the Ministers of Finance and Agriculture, of the credit requirements, which present themselves in connection with the above operations and later on with the building of agricultural labourers' houses ;

1. The Treasury may not share in the foundation of the projected Institute to an extent of more than eight million crowns. The amount assigned for this end shall be entrusted to the Financial Department under the head of miscellaneous expenses.

2. Bonds that are Government personal estate can only be transferred to the Institute up to a nominal value of 10 million crowns, and on condition of their being used for the formation or increase of a special legal guarantee fund, for the bonds to be eventually issued by the Institute, or by pledging of bonds for the temporary completion of the working capital of the Institute. The bonds mentioned may in part be eventually ceded to the small Farmers' Land Credit Institute or the National Central Co-operative Society, to make up the prescribed funds for the special guarantee of the bonds and *lettres de gages* of the above Institutes.

The interest on the bonds must be paid each year into the Treasury, and the portion of the bonds remaining after the liquidation of the "National Confederation of Land Credit Establishments," or after the liquidation of the Institutes constituting it, and after the creditors have been satisfied, shall return to the State.

3. The working expenses of the Institute may be covered by the interest on the settlements fund (art. 11 of Law V of 1894) or the annual endowment from the fund and the technical work of subdivision and settlement may be effected gratuitously by the agents of the Agricultural Department.

4. The amounts paid directly under the head of taxes and stamp duties by the Institute in its action under this law, or paid to the account of parties and Institutes in commercial relations with it, may be refunded by means of the receipts from the colonisation fund established in the third paragraph. This refund may not be made in case of taxes on transfer of property

#### Article 2.

The Institute to be formed in conformity with the conditions laid down in article 1 shall enjoy the following advantages :

1. It shall be exempted from the tax on undertakings and societies bound to publish their accounts.

2. It shall enjoy personal exemption from stamp dues and taxation; yet this exemption may not be extended to judicial procedure, to rediscounting of bills of exchange, to current accounts, bills of exchange, cheques and orders.

3. Transfer of property due to subdivision, settlement and sale of real estate for other purposes, carried out in accordance with plans approved by the Minister of Agriculture shall be exempted from the tax on transfer of mortgages, if the said transactions concern real estate belonging to the National Confederation of the Hungarian Land Credit Establishments ; but if the Institute is merely the intermediary in subdivision of and settlement upon the property of others, transfer of property consequent on such transactions shall only be exempted from half the legal tax.

4. In case the Institute — on the guarantee of claims existing made over to it by the co-operative societies of its own foundation — shall issue bonds for the carrying out of the agricultural operations enumerated in the introductory paragraph and in accordance with the conditions laid down in chapter IV of Law XXIII of 1898, the provisions of article 24 of Law XXXII of 1897 shall extend to such operations, the provisions of article 74 of Law XXIII of 1908 to the bonds, and the provisions of article 77 of Law XXIII of 1898 to the recovery of claims made over to it. In the case of bonds, the Ministerial Department of Finance shall provide as required for the exercise of the right of control, as provided in the article 75 of Law XXIII of 1858.

5. Ordinary letters (not registered), postcards and parcels of documents, addressed by the Institute, within its sphere of action, to the au-

thorities, offices, co-operative institutes and other co-operative societies, and collaborators in enjoyment of absolute right of franking for the post, shall be admitted to the privilege of free postage.

### Article 3.

The provisions of the Commercial Code (XXXVII of 1875) shall apply to the National Confederation of Land Credit Institutes, with the following reservations :

1. The title " National Confederation of Land Credit Institutes " may only be used by the Institute to be founded in conformity with the present law.

The rules of the Institute and all amendments thereof shall be approved by the two Ministers of Agriculture and Finance.

2. Arts. 14 and 223 of the law XXXVII of 1875, the first paragraph of article 235, the second paragraph of article 237, the second and third paragraphs of art. 239 and articles 242 and 248 shall not be applicable to the Confederation.

The presence of the delegates of the Treasury and of the Institutes adhering to the foundation shall be required in order to form a quorum at the General Meeting (§1).

3. The members of the National Confederation shall be : The State, the Institutes contributing to the foundation (§1.) and those the signatures of which for foundation shares (*parts*) have been accepted in accordance with the rules.

The members of the Institute shall only be liable for its obligations to the amount of their foundation shares, besides, they shall only share in the property and revenue of the Institute in so far as they may exact repayment of their foundation shares according to the rules as well as the annual dividend established in the rules.

Members' rights shall be extinguished by the repayment of their foundation shares.

The foundation shares can only be transferred with the consent of the Minister of Finance.

The rules shall determine the right of vote conferred by the possession of shares, as well as the manner of exercising it.

4. The president of the board of management of the Institute, one of its members and a supplementary member shall be delegated by the Minister of Finance; the vice president, one member and one supplementary member by the Minister of Agriculture. They shall all be recruited from among the employees of these Minister's departments.

The employees thus delegated may not be deprived of their office by the General Meeting within the period for which they shall be delegated.

If the member of the board of management delegated by the Minister of Finance or by the Minister of Agriculture shall protest against a decision, his protest shall have suspensive effect and the matter must be submitted to the examination of the Minister of whom the protester is an employee. The decision shall only become final after the approval of the competent Minister. The approval shall be considered as given, if the Minister shall not advise the Institute to the contrary within a month from the appeal to his decision.

The other members of the board of management may be appointed by the founders during the first three years from the foundation of the Institute; after that period they shall be elected at the General Meeting in conformity with the founders' decision as included in the rules.

The members of the board of management and of the committee of supervision may be chosen from outside the Institute.

The members of the board of management delegated by the Minister of Finance and Agriculture may not receive presence counters nor other remuneration. The other members may only receive presence counters for amounts to be laid down in the rules.

The appointment of the business manager of the Institute shall only be definite after confirmation by the Minister of Finance.

5. The rules of the Institute may stipulate that losses from loans on mortgage, granted with the concurrence of the founding Institutes for above 50 % of the value of the real estate shall be recovered from the reserve fund of the Institute.

6. The special rights enjoyed by the Hungarian Land Credit Institute in accordance with articles 1, 2, 4 and 10 of the law XXXIV of 1871 and the special rights, included in articles 11 (a), (b), (c), (e), (f), (h) and 37, 49, 52, 54, 55 and 69 of the amended rules of the Austro Hungarian Bank in force, shall be extended to the National Confederation.

All law suits shall be within the competence of the Royal Court of Justice of Buda-Pesth, which shall, according to the circumstances, take all the necessary measures.

The value fixed by the National Confederation in conformity with its rules at date of concession of the mortgage loan shall be taken as the estimated and declared value (mentioned in article 47 of the above law).

7. A vote of the general meeting for the liquidation of the Institute can only be taken with previous consent of the Minister of Finance, except in the case provided for in paragraph 1. of article 187 of the law XXXVII of 1875.

8. The assets remaining after liquidation and payment of debts shall be used first for the reimbursement of the founding institutes for their foundation shares; in the second place for reimbursement of the State and other members for their foundation shares.



The surplus may only be assigned to works of public utility with objects similar to that of the Institute.

Article 4.

The rule laid down in paragraph 1 of point 9 of article 5 of the Law XXIV of 1901 shall not apply to the Confederation.

CHAPTER II.

*Of the Amendment and Completion of Some Provisions of Law V of 1894.*

Article 5.

In case of home settlements the provisions of art. 5 of the law of 1894 may be derogated from in the following points: 1st. even for a public object, land may only be granted to an extent in conformity with the requirements; 2nd. the settlements may consist of unbuilt on lands; 3rd. their area may be less than 10 and more than 80 cadastral arpents; but not, however, more than 500 cadastral arpents; 4th. and finally, the care of obtaining the loan eventually necessary for building shall be left to the settler.

Article 6.

After the coming into force of this law the State may buy up the holding granted, if the settler:

(1) is not a Hungarian subject, if he has failed, or if he has not satisfied the requirements laid down by the Minister of Agriculture among the conditions of settlement;

(2) if he does not inhabit or manage his holding, or if he cedes the farm in part or altogether to another, than his consort, or his legitimate descendants; finally, if he does not make his inventory, or neglects the farm to such a degree as to imperil its value.

(3) if he divides his holding without authorization from the Minister of Agriculture or cedes the right of dividing to another either entirely or partially.

(4) if he causes disturbance in the settlement, or impedes its progress;

(5) if in consequence of a crime or misdemeanour committed with the intention of gaining money he has incurred a penalty depriving him of liberty for more than a year;

(6) if he does not pay the purchase price of the holding, or interest, or the amount of two years' interest on the purchase price within the course of the first years ;

(7) if the sale by auction of his holding has been ordered and he has not means to appeal against the decision ;

(8) if he dies, without his heirs having concluded an arrangement with regard to the ownership of the holding.

The State may only exercise its right of repurchase within 90 days from date of its taking cognisance of the cause for repurchase.

The right of repurchase by the State shall expire if 50 years have run since the first establishment and if the purchase price of the holding, or the amount lent for the payment of the purchase price has been fully paid.

#### Article 7

The price of repurchase must be fixed by the contract. Yet from the purchase price there must be deducted :

(1) the part not due and not paid ,

(2) the part due, but not paid ;

(3) the amount of the other debts burdening the property. If at the moment of repurchase there exist houses and buildings upon the land, the value of which was not included at date of determining the purchase price, the value of these buildings must be added to the purchase price at the date of repurchase.

#### Article 8.

If one of the cases enumerated in article 6 arise when the settler is not yet registered on the land registry books, as owner of the holding, the State may break the contract of settlement, on its own account, and deprive the settler.

The rule of art. 7 on the right of repurchase shall apply to the right of cancellation of contract provided in the present article.

The deprived settler may not bring any claim in excess of the purchase price fixed in the above paragraph, not even for compensation.

#### Article 9.

The Ministers of Finance and Agriculture shall be authorized to fix by common accord the rules to be followed, in connection with the right of the State to repurchase the holding or to deprive the settler.

**Article 10.**

On State settlements, the cession of the settlement may also be made by way of lease.

In cases in which the settlement is made on the basis of a lease, the respective positions of the State and of the settler shall be established for a fixed period of at least fifty years.

Death shall not void the contract, but the settler may denounce the contract with three years' notice and at the end of any agricultural year, without being bound to pay damages.

Purchase of the holding may not be refused to the settler who for fifteen years has fulfilled exactly the obligations imposed on him by his legal position as settler.

The purchase price must be fixed in the lease so that the State may run no risk and the existence of the settler may be in no way imperilled.

**Article 11.**

The Minister of Agriculture may authorize the owners of property, inalienable or indivisible, entirely or partially, to lease these properties as settlements, whether the said properties belong to urban or rural communes, to civil or religious foundations, or are held in trust or joint ownership.

To such leases the rules of article 10 shall apply with this difference, that the legal lease may be fixed for less than 50 years and that the right of purchase by the settler is only acquired after cessation of the inalienability or indivisibility of the estate.

If on the cessation of the inalienability or indivisibility the settler does not desire to purchase the holding, the contractor for the settlement may cancel the contract with a year's notice, at the end of any agricultural year, and without being bound to pay damages.

**Article 12.**

As far as is not otherwise provided in articles 10 and 11 the legal positions of the settler and contractor shall be fixed by the contract.

**Article 13.**

The Ministers of Justice, Finance and Agriculture shall be authorized to extend, entirely or partially, by decree to be issued by common consent,

the provisions of law V of 1894 and the present law on State settlements, to settlements and subdivisions of land effected by the Confederation.

Article 14.

The cadastral authorities must without delay send to the Minister of Agriculture notices ordering sale by auction of rural and forest lands.

Article 15.

The Minister of Agriculture and the Confederation may by means of special agents bid at judicial auctions for any real estate property without deposit of security. If an additional bid is necessary, the Minister and the Confederation shall not have to give security nor to pay the expenses of a new auction.

CHAPTER III.

*Miscellaneous Provisions.*

Article 16.

The subdivision of land carried out by the Confederation on the basis of the proposals approved by the Minister of Agriculture shall be considered as subdivisions under the law XXXII of 1897 without regard to the restrictions in article 6 of the law XXXII of 1897.

Article 17.

The Hungarian Land Credit Institute shall be exempted from the provisions of article 242 of the law XXXVII of 1875, which requires that the managers of co-operative societies shall deposit the list of names of their members with the Court.

Article 18.

The Central National Co-operative Society founded by law XXIII of 1898 can invest the accumulated interest on the bonds passed to it in virtue of paragraph 2 of article 78 of the above law as far as is compatible with the legal amount of the guarantee fund of the bonds, in or der to in

crease the constituent capital of the confederation. The interest on the bonds mentioned shall be afterwards added to the amount to be used in the first place for a special guarantee fund.

Article 19.

The modifications introduced into the law of 1894 by articles 5-15 of the present law shall not extend to Croatia and Slavonia and Articles 1-4 and 17 shall not be applicable in those countries.

The Ministers of Finance, Commerce, Agriculture and Justice shall be charged with the execution of the present law ; as regards Croatia and Slavonia, the same charge shall be entrusted to the Ministers of Finance and Commerce, and the Bans of Croatia, Slavonia and Dalmatia.

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**PART IV.**

**MISCELLANEOUS.**

**(FACTS AND PROBLEMS OF GENERAL AGRICULTURAL ECONOMIC INTEREST)**



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## MISCELLANEOUS

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### FRANCE.

#### CURRENT QUESTIONS.

##### Immigration and Employment of Polish Farm Labourers in France.

*The Bulletin of the Labour Office, published by the Department of Labour and Social Thrift, has just published in its numbers for November and December, 1911 the following study which we merely reproduce. M. Numa Raftin, the officer entrusted with the editing of the report of the enquiry, has performed his task with the help, 1st of documents and information forwarded or communicated to the Department of Labour and Social Thrift by the French Embassy at Vienna and the French Consular Agency at Lemberg; the Departments of Foreign Affairs, of the Interior and of Agriculture; the Prefecture of Police; the prefectures of the departments affected by the immigration; and the Labour Inspection Service; 2nd, information and documents consulted directly at the offices of the National Agricultural Society of France, the French Farmers' Society, the Central Agricultural Society of Meurthe-et-Moselle, the Federation of the Agricultural Societies of the North East of France, the Central Syndicate of French Farmers, the French Sugar Manufacturers' Syndicate, the French Agricultural Labour Syndicate, the French Farmers' and Agricultural Industrials' Mutual Syndicate, the Society for the Protection of the Polish Labourer in France, the Polish Emigration Society, the Organisation Committee of the "Polonia" Society. In addition, persons, who, for various reasons, interest themselves in immigration have on request kindly supplied information.*

#### § 1. Historical.

To make up for the deficiency of labourers, the farmers of the North-East of France have for a long time had recourse to foreign and, more especially, Belgian labour. But the emigration from the country districts to the towns as well as the decrease of population, becoming more marked, these foreign elements have become insufficient to ensure the performance



of agricultural labour at certain seasons. The farmers have therefore been induced to recruit from far beyond the frontier to fill the void due to the continually increasing scarcity of labourers. Thus, in the course of the year 1907, M. Havette, of Harville (Meuse), being in relations with a Deputy of the Diet of Galicia (1), was led to think that, in view of the density of its population, Austrian Poland might perhaps supply French agriculture with abundant labour. Indeed, the Galician Poles and Ruthenians emigrate by hundreds of thousands to various parts of Europe, and above all to Germany, where they take engagements as farm labourers (2). It was then a matter of diverting a part of this emigration current in the direction of France. The attempt appeared easier of success as the dissensions between Germans and Poles in the Grand Duchy of Posen provided Galicia with a reason for seeking other openings for its labourers (3).

The *Central Agricultural Society of Meurthe-et-Moselle*, taking up the matter at the end of 1907, keenly interested itself in it. On the 2nd March, 1908, it organized a "regional meeting to study the question of importing Polish labour into France", at which M. Skolyszewski, deputy to the Galician Diet, furnished all the necessary explanations for the recruiting and immigration of these labourers. The conditions of hire were then discussed and settled, and it was decided that "the Society should unite all requests for labour made by the farmers and forward them together to the Galician Emigration Committee" (4).

The Central Society at once arranged with the *Verdun Agricultural Society*, for the despatch of labourers to the *Department of Meuse*; but requests for Polish labourers soon coming in from several departments of the North-East, the Central Society charged the *Federation of the Agricultural Societies of North East France* with the centralisation of these (5).

(1) M. Stapiński, head of the Polish Popular party, who, in 1907, in his paper *Przyjaciel Ludu* (the People's Friend) opened a campaign for the inducement of Polish farm labourers to go to France to work.

(2) See: *La Société polonaise d'émigration, ce qu'elle est et ce qu'elle veut en France* (The Polish Emigration Society, what it is, and what it wants in France); pamphlet, 18mo Cracow, 1909.

(3) Two farmers of Meurthe-et-Moselle have been for several years employing Polish labourers (See the "*Bon Cultivateur*," Bull. of the Cent. Soc. and of the Federation, 7th. March, 1908), a small number of labourers has also been noted in the departments of Marne and Haute-Marne, but these are isolated cases.

(4) See the "*Bon Cultivateur*" (*op. cit.*) 7th. March, 1908. "The Galician Emigration Committee" is the name of M. Skolyszewski's labour bureau. (See p. 172, note 2)

(5) Really, it has always been the Central Society, under a more general title, that has occupied itself with immigration, for its president, general secretary and treasurer by right of office sit on the board of the Federation. This explains why the name of one of these societies is often substituted for the other, in connection with Polish immigration.

For the facilitation of the distribution of these labourers it was decided to "group them by departments at Nancy and send them under the guidance of leaders of groups from there to the following centres of distribution where the parties concerned should receive them; Nancy for Meurthe-et-Moselle; Verdun for Meuse; Epinal for Vosges; Joinville for Haute-Marne; Châlons-sur-Marne for Marne; Troyes for Aube; Dijon for Côte-d'Or; Vesoul for Haute-Saône; Auxerre for Yonne; Mezières for Ardennes; Besançon for Doubs (1)."

In the spring of the same year the Federation, through the medium of M. Skolyszewski, imported the first Polish immigrants and found employment for about a thousand of them in the departments of Meurthe-et-Moselle, Meuse, Vosges, Marne, Haute-Marne and Aube. But, in consequence of bad recruiting, this first attempt did not produce the results looked for by its promoters.

The Central Society, however, calculated that "Galicia could supply France with excellent agricultural labourers, if there were a solid organization, a real labour bureau, to arrange for their employment." (2) The central society entered into correspondence with the Local Government of Galicia to settle the bases for this bureau and to establish the clauses of a mode contract, which, with due observance of Fernch customs, might also suit the habits and uses of the Polish labourers. When this contract had been agreed on, (3) the Government of Galicia, at the instance of the Society founded an agency of its central labour bureau (4) at Nancy, which worked, under the management of M. de Madurowicz from 15th. February to 1st. June, 1909 (5).

(1) See: "Demand for Polish Labour", established by the Federation.

(2) See: the *Bon Cultivateur* (op.cit.), 27th. February, 1909

(3) See below p. 173.

(4) The following information, supplied by M. de Madurowicz, regarding this central labour bureau, the headquarters of which are at Lemberg, is to be found in the *Bon Cultivateur* (op. cit.) of 27th. February, 1900:

"The Kingdom of Galicia, which is a Province of Austria-Hungary, situated in the North East of that Empire, has its own Government, the members of which are appointed by the Diet, the Parliament of the Country, and at the head of which is the Government Chief Marshall and President of the Diet. This organization corresponds to the French departmental organization, but on a larger scale, since Galicia has 8 million inhabitants. The six members of the Government share the management of the public services and the Central Labour Bureau is attached to one of these services. It is, therefore, a public institution, founded with the intention of procuring for the labourer an improvement of his position and obtaining work for him either in his own country or among the nations where labour is not sufficiently abundant.

This Central Bureau has organized twenty-five municipal and departmental offices these are Government bureaux, founded in accordance with the Gallician law of 1904 ratified by the Emperor of Austria."

(5) Information supplied by the former delegate of the Polish Emigration Society.

On the latter date the agency of the central labour bureau was replaced by the agency of the *Polish Emigration Society*. This Society, founded at Cracow in 1908 by the "chief representatives of all political parties and all classes of the nation," had for its object "to take in hand the management of the emigration movement and to direct it towards France." Patronised and subsidised by the Galician Diet, it sent a delegate to France, who established himself provisionally at Soissons (from March to June, 1909) and succeeded the official representative of the Central Office at Nancy, replacing him completely. The same year a branch of the Nancy agency was founded at Paris working at the Commercial Exchange (1). Less than a year later, May, 1910, Countess Zamoyska founded the *Society for the Protection of Polish Labourers in France* to assist the immigrants morally and materially (2).

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On its side, the *French Farmers' Central Syndicate*, with headquarters at Paris, had also been invited to consider whether it would not be possible, in order to meet the growing scarcity of labour, to have recourse to foreign elements that France had not yet availed herself of (3). On the proposal being made to it in the first months of 1908 by a delegate of the *Warsaw Agricultural Society*, the Syndicate attempted to recruit labourers for its members in Russian Poland; but this effort failed completely, the Warsaw Society, "for want of sufficient local organization" being only able to supply a very small number of labourers. In spite of this check, the Syndicate decided to enter into relations with the *Galician Government Central Labour Bureau* and, subsequently, with the *Polish Emigration Society*. The Central Bureau forwarded its contracts (4) and entered into correspondence with the Syndicate which confined its action to that of a benevolent mediator between these two Galician organizations and the syndicated farmers desirous of making trial of Polish labour. A certain number of labourers was thus hired in the course of 1908; but, generally, they hardly gave satisfaction to those who employed them, with whom they remained only a short time. In consequence of these unsatisfactory results, and although the labour problem is extremely urgent, the syndicate

(1) Information supplied by the former delegate of the Polish Emigration Society.

(2) This society, founded with a purely philanthropic intention, has collected sufficient funds in Poland to allow of a Polish priest travelling through the districts of France in which the Polish labourers are scattered.

(3) In a report presented at the general meeting of 21st. March, 1908, the President of the Syndicate showed that the Belgian labourers "came to France in smaller number, and readily left agriculture for manufacturing work." (*passim*).

(4) See p. 173 et seqq.

occupied itself no further actively with the immigration of Polish labourers into France (1).

The immigration movement excited by the *Nancy Agricultural Central Society* was not slow in giving rise, both in France and abroad, to a certain number of labour agencies for Polish labourers. These agencies, whether authorized or not, as their object is purely commercial, in most cases, furnish no guarantee: they engage labourers with no other consideration than that of making the largest possible profits out of the transaction. They have occasioned numerous complaints both on the part of the farmers and of the labourers who have had recourse to them. The Austro-Hungarian Embassy at Paris, which at first showed itself favourable to the immigration of Galician agricultural labour, has also been influenced by the mode of action of these agencies, in consequence of the large number of workmen for whose return it has had to arrange who had been brought to France by interloping agencies and abandoned by them without any resource

#### § 2. *The Societies, Agencies and Recruiters.*

The Societies agencies and individual recruiters, who engage Polish farm labourers in their own country or undertake to bring them to France have their headquarters abroad: they have agents or correspondents who put them in relation with the French farmers or the syndicates recently formed by the latter with the object of improving the conditions of immigration. The following is a list of the agencies known in France:

Hirsch-Demian, at Janow, (Galicia);  
Juluisse-Kolda, at Jaroslaw, (Galicia);  
A. Heftmann, at Kusno (Guber Warsaw);  
Noworyto, 22, Novogradzka Street (Warsaw);  
K. J. Strzelecki, at Czortkow (Austria);  
Universal-Reise-Bureau II Mühlfeldengasse, 5 (Vienna);  
Boguslaw, at Kiew (Gubernia);  
Mauruy-Wolsztein, Wloclawek, Guber Lubelska (Russia);  
Kokott, at St. Veit, Carinthia;  
David Rubenstein at Fürstenwalde (Germany);  
Union-Ticket-Office, at Basle, (Switzerland).

(1) Information supplied by the Syndicate: see *Bulletin of the Central Syndicate*, 1st. and 16th. April, 1st. November and 16th. December, 1908.

To this list we must add, the *Central Labour Bureau*, at Lemberg, the *Polish Emigration Society* (1), the *Popular Polish Emigration Society* (2), founded at Cracow in 1908 by M. Skolyszewski, Deputy to the Diet, who from the first has occupied himself with this immigration, and the *Christian Social Alliance* of Cracow (3).

In France, up to the end of 1910, the engagements, in addition to those arranged by the *Polish Emigration Society*, were almost exclusively made through a farmer of Nogent-lez-Montbard (Côte-d'Or), the representative of the *Polish and Popular Emigration Society* and by an authorized bureau — *La France*, which worked at Aubervilliers (Seine) from January to October, 1910.

About ten other persons have been mentioned as occupying themselves with the engagement of Polish labourers, amongst others a wine farmer of Nuits-Saint-Georges (Côte d'Or), who, as well as the farmer at Montbard, has recently applied for authorization to open a bureau (4). These various agencies recruit labour by means of advertisements in the Galician papers; they have also employees (*rabatteurs*) to concentrate the emigrants generally at Cracow or Oswieçim. Finally, certain individuals, continually changing their residence, hiring labourers in France and in Poland, have clandestine labour offices.

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In August and September, 1910, the farmers founded the *French Agricultural Labour Syndicate* at Paris, working under the auspices of the "French National Agricultural Society," and the *French Farmers' and Agricultural Industrials' Mutual Syndicate* (5). In fact these two syndicates have almost for their exclusive object the recruiting of Polish labourers in the interest of their members. They are in relation with the Local Government of Galicia and have attempted to enter into treaty with

(1) Since the 1st. August, 1911, this Society has no more agencies in France; it is arranging with the organization committee of another society in course of formation, the "Polonia" (see p. 191), to substitute it completely in everything relating to immigration into France.

(2) This Society is also called: "M. Victor Skolyszewski's Labour Bureau Concession"; it was founded as "*Popular Society*", later than the *Polish Emigration Society*.

(3) This Society is said to have been founded by a priest, who after being deputy to the Galician Diet, is now deputy to the Reichsrat.

(4) We must note that the *Dijon Agricultural Society*, after an enquiry into the results of the Meurthe-et-Moselle immigration, decided not to occupy itself with the recruiting of Polish labourers.

(5) Originally this Syndicate was styled *French*, etc.... *Central Syndicate*.

the Polish societies or agencies that seemed to offer them the best guarantee ; they have, besides, drafted labour contracts.

### § 3. *The Contracts.*

From the beginning of this immigration, the *Federation of the Agricultural Societies of the North-East of France*, following the indications of the Nancy Central Society, had also fixed the wages of the Polish labourers it was to obtain for the farmers (1) :

1st. For men over eighteen years of age, 400 francs with the food and lodging usual on farms ;

2nd. for young men under 18 years of age, between 300 and 400 francs, according to their aptitude and age, with board and lodging ;

3rd. for women, 300 francs with board and lodging.

The labourers may also be paid by the day or month when working only for the season. In that case they may be boarded and lodged, or else they may be given wages in kind, consisting of potatoes, bacon, fat and wine, with kitchen and sleeping room.

In addition, it was agreed that the farmer should pay their travelling expenses from Cracow to Nancy, and their return journey, if the contract had been strictly carried out, whether the labourer had been engaged for one season or for a period of at least two years.

These conditions with variations in the rate of wages have served as the general basis for contracts subsequently drawn up by the various labour agencies. We may take as a typical contract that arranged between the North-East Federation and the *Galician Central Labour Bureau*, which was most frequently applied up to 1910.

#### I. *Labour Bureau (Galicia, Austria)*

##### Season Labourers' Contract.

#### I. *The Master*

- (a) Name ;
- (b) Profession ;
- (c) Domicile ;
- (d) Post Office ;
- (e) Railway Station ;

#### II. *The Labourers.*

- (a) Total Number with specification ;
- (b) Strong men ;
- (c) Young men who can reap ;
- (d) Young men who cannot reap ;
- (e) Women.

(1) Circular of the Federation.

§ 1. The undersigned engage to work as season labourers for . . . . .  
 M. . . . . living at . . . . . near . . . . . department of . . . . . ,  
 from . . . . . to . . . . . and to execute faithfully and conscientiously  
 every kind of work in connection with the farm where they are occupied.

Each of the undersigned must be supplied with a book establishing his identity with, in French, all the particulars required in France for the registration of foreigners.

The undersigned certify that they are without physical defect and not suffering from any disease that might interfere with their work and from no contagious malady by which other labourers on the farm might be infected,

The undersigned women labourers specially certify that they are not with child. The undersigned labourers further declare that at the date of signing the contract they have no idea that they may be called upon either for their ordinary military service or for special military service.

§ 2 The farm labour begins on leaving the house at 5 in the morning and ends at 7 in the evening, with intervals of a half hour for breakfast and lunch and an hour and a half for dinner.

In cases of urgency, the labourers must, at the request of the master, work beyond the abovementioned hours; every additional hour shall be paid at the rate of 20 centimes for labourers with wages at 42 frs. per month and 15 centimes for those at 38 frs. per month.

§ 3. The labourers shall be completely free on Sundays and the following holidays :

New Years Day, 1st. January. — Epiphany, 6th. January, — Purification, 2nd February. — Annunciation, 25th. March. — Easter Monday, — Ascension Day, — Whit Monday, — Corpus Christi, — St. Peter's and St. Paul's Day, 29th. June. — Assumption, 15th. August — Nativity, 8th. September. — Michaelmas, 29th. September, — All Saints' Day, 1st. November, — Immaculate Conception, 8th. December. — Christmas, 25th. December. — St. Stephen's Day, 26th. December.

§ 4. The labourers shall be paid at the end of each month. The wages of the strong men between 22 and 40 years of age, and for those young men who can reap; are fixed at 42 francs per month. Young men between 18 and 22 years of age who cannot reap and women shall receive 38 francs a month.

§ 5. During the first months of the present engagement the master shall keep back half the salary of each labourer as security for his fidelity to his engagements and to cover his travelling expenses if necessary.

This deduction shall continue until the amount of . . . . . francs is reached, that is, the amount of the labourers' travelling expenses from Cracow to his place of destination.

This amount shall be repaid to the labourer on expiration of the contract.

§ 6. The labourers shall receive in addition to their wages the following provisions :

*1st. Per person per day*

1 litre of unskimmed milk ;  
 $\frac{1}{2}$  litre of wine.

*2nd. Per person per week*

Potatoes as desired ;	5 kgs. bread ;
$\frac{3}{4}$ kg. of fresh meat ;	$\frac{1}{2}$ kg. flour ;
1 $\frac{1}{2}$ kg. of bacon ;	$\frac{1}{2}$ kg. salt.
1 $\frac{1}{2}$ kg. of rice ;	

The cooking shall be done by a man or woman of the party, who shall have a half-day in the morning for the work when the number of labourers does not exceed 20. If there are more than 20 labourers he or she shall have the whole day free.

Besides, in the first case, when the number of labourers is less than 20, he or she, shall have, once a week, the second half-day for washing the labourers' linen.

On farms where the number of labourers is less than 8, they may receive the same treatment, with regard to food, as the French labourers on the farm.

And in this latter case a man or woman of the party shall have half a day once a week for washing the labourers' linen, unless the master himself undertakes to have the linen washed.

Dry and healthy lodging, (separate for men and women) with sleeping accommodation consisting of a bed, with straw mattress and pillow and a blanket, as well as a kitchen, with all kitchen utensils and heating arrangements for cooking food, shall be supplied by the master.

§ 7. The master shall have the right to break the engagement, if :

1st. The labourer refuses to conform himself strictly to the orders of the master or his representative ;

2nd. The labourer permits himself to insult or assault the master or his representative ;

3rd. The labourer is condemned for a crime punishable by law ;

4th. The labourer ill-treats the farm animals.

In all such cases, the labourer loses his right to the money held in security and to payment of the expenses of his return journey.



§ 8. The labourer has the right to break his engagement, if :

- 1st. Either the master or his representative assaults him ;
- 2nd. The master does not conform to the essential conditions of the present contract ;
- 3rd. Either the master or his representative conducts himself immorally towards the labourer.

In these three cases the master must repay the labourer the money held as security and pay for his return journey.

§ 9. On the termination of the farm labour, the labourers are bound to return the implements entrusted to them by the master, or, in case of loss, to refund the amount of their value ; however, they are not liable in the case of unintentional deterioration of these implements.

§ 10. The master gives the labourers free railway journey from Cracow to Salzburg in 3rd. class, from Salzburg to Avricourt in 4th. class, and from Avricourt to the place of destination in 3rd. class, as well as 1 franc per labourer for every twenty four hours travelling for food during the journey from Cracow to the place of destination. On expiration of the contract he shall give each labourer the sum of . . . francs, for the return journey:

§ 11. In the case of death or serious disease in the labourer's family, or in case any unforeseen circumstance obliges the labourer to return home, he is bound to support his application for discharge by a certificate from the mayor of his commune and the priest of his parish, or some other official certificate. Yet such labourer loses his right to return home at his master's expense.

Besides, if the necessity for return is not confirmed in the positive manner above indicated, the master has also the right to retain the security amounting to the sum paid by him for the labourer's travelling expenses on arriving.

§ 12. The labourer who breaks his contract voluntarily and without valid reason (§ 8) loses his right to the security and to the payment of his return travelling expenses.

§ 13. The master may in exceptional cases grant the labourer an advance on account of the amount below indicated against the name of the labourer, which shall be deducted from his next pay.

§ 14. In case of sickness of the labourer, it is the duty of the master to take care of him and especially to provide medicine and medicaments, in addition to board and lodging. The master owes the labourer no wages during the days of his sickness.

It is the master's duty to insure the labourer against accidents in his work.

It is also the duty of the master in case of the labourer's death, to arrange for his burial and immediately to notify the decease to his family.

or to his commune and to remit to the family the amount of security after deducting the funeral expenses.

Domicile of the Master and date :

Signature of the Master :

Name and surname of the Labourer :

His domicile :

Post Office of the place of his domicile :

His age :

Amounts received on account :

*The Labour Bureau.*

at.....

certifies the authenticity of the signatures written by the labourers.

The labourers who cannot write have put a cross instead of their signatures. Their names are registered at the Bureau.

Date

Signature of the Manager of the Labour Bureau (1)

The contract for farm labour for the year fixed the wages :

for strong men from 25 to 40 years of age at 500 francs

for young men from 20 to 25    "    "    "    "    450    "

for women    "    "    "    "    360    "

These wages, if the travelling expenses, are included, would correspond to those most generally received by French labourers of the same class. The agency "France", to compete with rival agencies and societies, offered the labourers much higher wages, amounting even to 700 francs. Another agency, with the same object, but a different method, obtains labourers at a lower salary, which is, however, not fixed in anticipation by the contract, but is to be settled at date of engagement. Finally, a third recruiter announces that the wage is to be settled after engagement when the work is known.

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Experience soon showed the necessity of modifying the contracts especially in two points which had caused many disputes and entailed the early departure of many labourers. These were, first the period of work

(1) This contract is printed in two columns of the same text in French and Polish. It must be observed that many of the contracts are not in fact made out equally clearly: they are printed on very bad paper, at an inferior printing press, or are badly typewritten. Besides, they give no indication of the society, agency or recruiter arranging them, and it would seem that those who have drawn them up do not greatly desire their preservation and above all wish to remain strictly anonymous.

from 5 in the morning to 7 in the evening ; and, then, the clause for absolute rest on Sundays and holidays. In consequence, it was arranged that the employees engaged by the year should work according to the custom of the district where they are employed (1), and that on Sundays and holidays " work should stop at 8 in the morning, except in cases of urgent necessity, when the labourers would only be free for the hour of high mass."

Other modifications were introduced, especially with regard to the holidays, the number of which in some contracts was reduced from sixteen to six, the celebration of the others being " transferred with the consent of the Holy See to the following Sundays."

In new contracts of the *Polish Popular Emigration Society* (Skolyszewski agency), the travelling expenses for the return journey are exclusively defrayed by the labourers, who, in compensation, benefit by higher wages increased in proportion to the distance from the German frontier. For this purpose, the departments to which the immigration may now be directed have been divided into three classes :

1st. Departments of Haute-Marne, Côte-d'Or, Haute Saône, Doubs, Jura, Vosges, Meurthe-et-Moselle and Meuse.:

(a) 350 francs for women, girls and less robust young men ;

(b) 400 francs for more robust young men and less robust older men ;

(c) 450 francs for reapers ;

(d) 500 francs for very robust and specially capable men.

2nd. Departments of Ardennes, Marne, Aube, Yonne, Nièvre, Saône-et-Loire, Rhône, Ain, Savoie, Haute-Savoie and Loire : same wages increased by 10 francs ;

3rd. Departments of Pas-de-Calais, Nord, Somme, Oise, Aisne, Seine-Inférieure, Seine-et-Oise, Seine-et-Marne, Eure, Eure-et-Loir, Loire, Indre-et-Loire, Loir-et-Cher, Indre, Cher, Allier, Creuse, Vienne and Haute-Vienne : increase of 20 francs.

If the labourer renews his contract for another year, his annual wage is increased by 100 francs ; in addition, he obtains the restitution of the 60 francs security stopped from his pay in the first working year, and no further stoppage is made (2).

To try to prevent breach of contract — so damaging to the farmers, the *French Farmers' and Agricultural Industrials' Syndicate* and the *French*

(1) Communication made by M. de Madurowicz, *op. cit.*

(2) As to food, it may be pointed out that many contracts, instead of enumerating the articles that must be supplied to the labourer, confine themselves to stipulating " that he shall be boarded in the same way as the French or foreign labourers of the region ; " the same holds with regard to the conditions of lodging, heating and lighting. Other contracts stipulate that, each labourer shall receive a daily allowance of 1.50 fr for food.

*Agricultural Labour Syndicate* have arranged for progressive increases of wages with payment of a premium on expiration of the contract. Thus, in the contracts drafted by the latter syndicate in accord with the *Polish Popular Emigration Society*, it is stipulated that :

The annual wage of the labourers engaged shall amount for :

women, young girls and less robust young men . . . to 240 frs.  
 more robust young men . . . . . „ 290 „  
 adult men . . . . . „ 340 „

In addition, each of them receives a premium of 60 francs on expiration of contract.

The annual payment shall be made as follows :

	Women, girls and less robust young men		More robust young men		Adult men	
	Monthly	Or	Monthly	Or	Monthly	Or
	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.
The first four months . . . . .	7	28	12	48	152	60
The other eight . . . . .	22	176	27	116	30	240
Supplementary amount for July . . . . .	18	36	13	26	20	40
Total . . . . .		240	„	290	„	340
With the premium . . . . .		60	„	60	„	60
Women, girls and less robust young men receive . . . . .		300	„	„	„	„
More robust young men receive . . . . .				350	„	„
Adult men receive . . . . .						400

It must be observed that the rate of wages fixed by this contract is nearly the same as that originally fixed by the *Federation of the North East* (1) ; but less than that in the contracts established up to that date by the *Popular Society* (Skolyszewski Agency) on its own account, in

(1) See page 173.

accord with its French correspondent, as well as to that fixed in the contracts of the *Central Labour Bureau* and the *Polish Emigration Society* (1).

Besides the wages mentioned above, shepherds, carters, herdsmen and dairymen receive an additional 5 francs the month; women engaged in tending animals also receive an additional 4 francs.

The wage of men and women field labourers engaged by the year is from 324 to 528 francs. If the labourer renews his contract for a second year his wage increases to from 420 to 624 frs.

Each man and woman labourer is further allowed by contract an amount of 40 francs in addition to the price of his or her third class ticket from the starting point to the frontier, this only at the expiration of the contract.

The same contracts include the following clause, which tends to safeguard the interests of the parties concerned and incites them reciprocally to maintain their engagements:

"All differences arising between employers and employees with regard to the carrying out of the present agreements or their interpretation, shall be decided, at the request of the first applicant, by three arbiters, one of whom shall be designated by the *Syndicate Chamber*, the second by the *Society for the Protection of Polish Labourers in France*, presided over by Countess Zamoyska, and the third by the *Society of French Farmers*. The arbiter of the *French Farmers' Society* shall preside in this court of arbitration and shall have the casting vote." (2)

The last contract drafted by the *French Farmers' Mutual Syndicate* was based on nearly the same lines as the foregoing, but with higher wages: it provides also for the arrangement of piece work, payment for which would be settled according to local use. The farmers, as a class, would like to apply this last system as far as possible, but the labourers would rebel against it. (3)

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Except the contracts of the *French Agricultural Labour Syndicate*, all those of societies or agencies contain a clause stipulating that "during

(1) The agency of this Society uses the Central Bureau contracts.

(2) In a second paragraph it is stipulated that "The sentence given shall be final, sovereign and without appeal or recourse to any other jurisdiction". There is no need to say that this last clause can only be purely formal and has no legal value.

(3) The *French Sugar Manufacturers' Syndicate*, in the course of 1910, sent a delegate to Cracow and Warsaw, to study the conditions for recruiting Polish labourers for beetroot cultivation and especially to consider the question of engagements for piece work payments. As a result of this mission a report was prepared and forwarded to those concerned "confidentially." Therefore, it has not been possible to obtain knowledge of its details.

the first months of the engagement, the master shall keep back half the wage of each labourer, as security for the fidelity of the latter to his engagements and to cover his travelling expenses if need be." Although, on the other hand, it is generally stipulated that the amount stopped — 60 francs most frequently — shall be repaid to the labourer on expiration of his contract, this clause is none the less illegal, for the stoppage prescribed in it is above the tenth of the wage, which is the only stoppage in money permitted by the law.(1)

We must observe that nearly all the contracts are only signed by the master and the labourer; the agencies take no responsibility and, in case of breach of contract, the master has only an illusory recourse against the labourer. Yet in the contracts drawn up by the *Central Labour Bureau* and those, more recently, by the *Labour Syndicate* in agreement with the *Popular Society*, the representatives of the recruiting organisations certify "the authenticity of the signatures made by the labourers. The labourers who cannot write have put crosses instead of signatures; their names are registered with the Bureau"(2). This is, up to the present, the only security the two forms of contract afford the masters.

#### § 4. *Recruiting and Hiring of Labourers in Galicia.*

The results of Polish immigration into France are necessarily subordinate to the conditions under which the recruiting and hiring is carried out in Galicia. The *Galician Government Central Bureau*, when its Nancy Agency first began working, made the most satisfactory declarations on

(1) This clause is contrary to the provisions of article 51 (book I) of the Labour Code: A "master who gives an advance in money, except in the cases provided for in paragraph 3 of the preceding article can only reimburse himself by means of successive stoppages not exceeding the tenth of the amount of the wages due."

Several contracts include also the following article: "The labourer has received... fr. ... c. on account, which will be deducted from his next pay"; in others, we find the same article with the difference that the word *advance* is substituted for *on account*, and, in the majority of cases it seems to be the only correct expression. Generally, in fact, it is not a case of sums paid during the course of the labour and thus forming a real payment on account, but sums paid to the labourer before he has commenced working. In such case, and in spite of the abusive use of the expression on "account," the clause is equally illegal. In this connection we may mention a contract in terms of which "the employer stops as security from the labourer the half of his fortnightly pay up to the amount of 60 francs, and deducts from his next pay 52 fr. 50 for payments on account" or a total stoppage of 112 fr. 50. In virtue of these two clauses a farmer, having paid 107 francs to the agency procuring him a Polish labourer, declared he had employed him for two months and let him go "without paying him any money, so as to reimburse himself for his payments in advance."

(2) See contract, page 177.

this subject to the *Central Agricultural Society of Meurthe and Moselle*, through the organ of its representative.

"Precise indications are required in the case of each labourer", said M. de Madurowicz, "as to his antecedents and aptitude, in order that each may be given the work for which he is suited; the agricultural labourers are reserved for agricultural work and the industrial labourers for work in workshops, factories and industry generally. Germany thus employs a large number of Galicians in mines, metallurgy and agriculture. But in the case of France, the object of the *Agricultural Central Society* being exclusively to procure the farmers good labourers habituated to field work, the method of the *Central Labour Bureau* is excellent since the labourers provided for agriculture will never have done other than field work. This is a very important point.

Further, the *Central Labour Bureau*, with the intention of extending its action to all the regions of France in need of agricultural labour, has given severe orders that each of its dependent offices shall make a minute examination, so as only to send to France the best and most robust peasants.

When the labourers are shipped at Cracow, they are again subjected to an examination by the Manager of the Office of that city, who satisfies himself that they all answer the required conditions.

Each labourer has a book for his identification, containing in French the indications necessary for the certificate of registration of foreigners.

It is the duty of each employer, on the arrival of the labourer to make declaration at the Mayor's office and pay the costs in connection therewith (1).

It does not seem that this system was long in practice, even admitting that it ever was completely. In any case, since the Central Labour Bureau suppressed its agency at Nancy, the recruiting of labourers for the French Farmers is carried on in the most unsatisfactory manner. In two principal centres, Cracow and Oswieçim, any one who presents himself is hired, the Galician and French agencies only seeking to supply the largest number of labourers, without taking account of their aptitude or of their morality, with the object of receiving the largest possible commission. It must also be said that Germany — making every effort to maintain the emigration movement directed towards its provinces — has organized a real recruiting service in Galicia on serious lines, selecting the agricultural labourers methodically and generally only leaving to the other agencies the rejected. In addition, the French farmers it seems are late

(1) According to the law of 8th. April, 1893, on the residence of foreigners in France and the protection of national labour, "any person employing a foreigner not provided with a certificate of registration is liable to be punished by the courts. (art. 2) "

in making their requests for labourers, for the recruiting can only be done well and easily up to February for the summer season and up to August-September for the winter.

**§ 5. Commissions and Travelling Expenses Deducted by the Agencies.**

The amounts deducted by the agencies for their expenses of hire and transport are rather variable. There is sometimes a considerable difference in charges, between one agency and another, not always justified by the difference of distance. The Central Labour Bureau had at first calculated its agency and transport expenses at 37 fr. 50, as under :

Agency expenses and cost of transport for each labourer to Nancy amount to 37 fr. 50, when the party is composed of at least a hundred labourers. The expenses are sometimes higher, when the party is less, for the costs of conducting the party are then divided amongst a smaller number of labourers. These expenses which are charged against the employer, are made up as follows :

Cost of Journey Cracow-Nancy . . . . .	26 fr. 00
Bureau charge . . . . .	6 „ 00
Conduct of the Party . . . . .	2 „ 50
Expenses for Food on the Journey . . . . .	3 „ 00
Total . . . . .	37 fr. 50

When the labourers come in numbers of less than 100, the expenses come to 44 fr., for they then enjoy no reduction of the German and Austrian railway rates.

This amount of 37 fr. 50 or 44 francs was soon increased, and the rate of transport arranged by the Polish Emigration Society and the Federation of the Agricultural Societies of the North East was reckoned at 50 francs up to 1910. Then, it seems that, in consequence of difficulties arising in Germany, some of the agencies had to change their route. Thus, the Polish Emigration Society, which used to send the emigrants with a conductor by way of Salzburg and Munich, had to have recourse to two stages, — one from Vienna to Basle, the other from Basle to Paris — thus increasing their expenses which were thenceforth 65 francs (1). At the end of 1900 the same society asked 75 francs for supplying a labourer and engaged to replace him, if necessary, at the end of four weeks, at the cost of another 62 francs. The amount of 75 francs asked by the Polish

(1) Information supplied by the former delegate of the Polish Emigration Society.



Emigration Society was again exceeded by other agencies, as appears from the prices fixed by some of them.

The "France" asked only 15 francs commission, payable a fortnight after the arrival of the labourers (1); but required a sum averaging 75 francs to be paid in advance to cover expenses:

Unreduced travelling fare:

Cracow to Basle . . . . .	24 fr. 75
Basle to Paris . . . . .	26 „ 90
	51 „ 65

Recruiting Expenses of the Cracow Agency, average 4 to 6 crowns (2) . . . . .	4 fr. 65
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Transit Expenses:

Cracow to Vienna: 3 crowns . . . . .	2 fr. 79
Vienna to Basle: 3 „ . . . . .	2 „ 79
Basle to Paris . . . . .	1 „ 00
	6 fr 58

Food (4 days): 4 to 5 crowns. . . . .	4 fr. 50
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Expense of transport of the labourer from his residence to Cracow, about . . . . .	10 fr. 00
------------------------------------------------------------------------------------	-----------

Total . . . . . 77 fr. 08

or, with the commission, only taking the average given of 75 francs, an amount of 90 francs. In case of demand for immediate supply, 20 additional francs per labourer were exacted.

A certain agency, it is said, charges 97 francs for the transport of a labourer from Oswieçim to Côte-d'Or. Now the cost of the journey (including food) is only 50 francs (3). This rate, besides, is by no means fixed, the agency sometimes raising it to 120 francs and more, exclusive of its commission, as is shown by the following prices asked in 1908-1909: from 80 to 100 frs. per labourer for the department of Nièvre; 120 francs for that of Aisne; 130 francs for that of Seine-et-Oise. Whether the labourers are separated into groups in Côte-d'Or or in Paris, the difference in the distance does not correspond with the difference in price.

(1) Tariff published at the Prefecture of Police, 13th. January, 1910.

(2) In France the value of the crown may vary from 0.93 fr. to 1.05 fr., according as it is calculated on the intrinsic or the current value

(3) In the case of large parties, it would only be 40 frs. per labourer.

We must observe that the Polish Popular Emigration Society only asks 67 francs for bringing a labourer to Dijon when it is applied to directly ; therefore, in that case it would only charge 17 francs commission.

Another agency of the same region is said to ask immediate payment of 80 francs, with only 20 francs commission.

It is evident that the rates of commission and of transport asked by the agencies are not at all fixed and are not regularly applied, whatever tariffs they publish, and it is certain that the differences in these rates is not due to differences of distance. With the exception of the two French farmers' syndicates that have founded labour bureaux, the agencies have no other rule than that of charging the highest possible price for their services.

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The *Central Labour Bureau* (of Lemberg) receives no payment from the labourers, but it exacts from those hiring them in Galicia a definite amount, as follows. 1 crown for the first two months of the year ; 3 for the third and fourth, 4 for the fifth and sixth, 5 for the seventh and eighth ; 3 for the ninth and tenth ; and 2 for the eleventh and twelfth. (1)

We understand the *Polish Popular Emigration Society* asks a fairly high commission from each labourer hired ; and the *Polish Emigration Society* does the same. (2)

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The *French Agricultural Labour Syndicate*, as a result of the conventions or treaties it has been able to enter into with certain Galician organizations, exacts from its members " an allowance not to exceed the sum of 75 francs per labourer, as repayment of recruiting expenses in Poland, and the cost of the journey as far as Basle or any point on the French frontier, and a varying amount for the transport of the labourer in third class from the frontier to the place where the party has to separate. (3) If the labourer has been hired in France, only repayment of travelling expenses is exacted."

The *French Farmers' Mutual Syndicate*, which organized a labour office at the Paris Commercial Exchange in November, 1910, asks from its members, for each order for Polish labour, an average of 95 francs for ex-

(1) For French employers, the Bureau had only one rate of 6 francs. (See above p 183) — The variations of the tariff in use in Galicia correspond with the greater or less amount of available labour, at the various seasons of the year.

(2) Information forwarded by the French Embassy at Vienna.

(3) The Syndicate collects at its office (rue Lacuée) the orders which are sent forward in detachments of 50 labourers.

penses of the journey and of recruiting ; if the syndicate has available labourers, the employer may obtain them at the maximum rate of 20 francs (1).

§ 6. *Concentration and Distribution of the Polish Labourers in France.*

Up to the present, it seems that the labourers brought from Galicia are principally concentrated :

1st. at Nancy, by the Central Agricultural Society of the Federation of the Agricultural Associations of the North East of France and the Polish Emigration Society ;

2nd. at Paris, by the agency of the Polish Emigration Society ; the Marlot-Skolyszewski Agency (Polish Popular Emigration Society) ; the authorized Bureau, " France " ; the French Agricultural Labour Syndicate and the French Farmers' Mutual Syndicate ;

3rd. at Dijon, by the Marlot-Skolyszewski agency.

From these three cities distribution is made to various regions ; either the farmers come themselves to take their labourers, or the agencies bring them to their place of residence. From spring 1908 to the end of 1910, distribution was made, — in very unequal proportion, to the following thirty-two, departments : Ain, Aisne, Allier, Ardennes, Aube, Belfort (territory of), Cher, Côte-d'Or, Creuse, Doubs, Eure, Eure-et-Loir, Gers, Indre-et-Loire, Isère, Jura, Loiret, Marne, Marne (Haute-), Meurthe-et-Moselle, Meuse, Nièvre, Oise, Orne, Saône (Haute-), Seine, Seine-Inférieure, Seine-et-Marne, Seine-et-Oise, Somme, Vosges, Yonne (2).

Of course it is in the regions nearest the centres of concentration, such as the departments of Meurthe-et-Moselle, Meuse, Seine-et-Oise, Seine-et-Marne, Oise, Côte-d'Or and Haute-Marne, that these labourers are found in largest numbers.

As the Polish labourers frequently change from place to place, it is nearly impossible to establish accurate statistics and to determine how many of them are hired for a year or for a season. The figures we can give have then only a merely approximate value. According to the information obtained, the number of Polish labourers who entered France between 1908 and 1910, was about 10,000, 1,200 of them being women or young girls, and 250 families. Of this number at least 5,000 would be still occupied in France, the majority as labourers by the year.

(1) We must observe that for reasons mentioned below (see p. 190), the conditions fixed by the Syndicates for their labour offices have scarcely up to the present a theoretical value, the Polish agencies not having been able to supply labourers in sufficient number for their application to be in practice frequent.

(2) Information furnished by the Prefects.

### § 7. *Results of the Trial of Polish Immigration.*

What are the results given up to the present by the various experiments made in importing Polish labour into France? It would be premature to say. Opinions that have been expressed on the subject are so conflicting that it is scarcely possible to do more than register them without being able to draw a definite conclusion. In certain regions the farmers express themselves satisfied with the immigrant labourers; in a far greater number of others, they declare themselves dissatisfied. They say they are incapable, lazy and suspicious. According to the first, they are sober, according to the others, intemperate. There is one point on which all the farmers agree: this is the ease with which the Polish labourers break their contracts, generally without apparent motive. Amongst the reasons for this we must include home sickness, the disappointment felt by the labourers on arriving in France, where they expected to find a better situation than that they receive; the complete change in their habits, finally and above all, the secret interference of the agencies, which, for their own profit, take them away from one master to place them with another.

It seems that these labourers are generally slow, passive, mild and suspicious. They tend to live together and to avoid contact with the people of the country round them. Very religious, they are all Catholics, but of different rites, which causes rather bitter quarrels between them. Thus, the Galicians cannot live on good terms with the Ruthenians. Almost all seem to have only one object: to save enough money to go to South America.

In spite of all, when they are treated kindly, the Polish labourers seem to manage to adapt themselves fairly well to their environment; they learn French quickly (1) and are not slow to accustom themselves to the implements and methods of labour in use in France, which, yet, are appreciably different from those of their own country. The reception given them by the people of the various regions whither they immigrate is generally good, or at least indifferent. For the rest, the wages paid to them, are generally almost equivalent to those French labourers receive for the same work, so that these have not to fear serious competition from them (2).

(1) "To facilitate relations between the French employers and the Polish labourers, the Polish Emigration Society has published a little dictionary, arranged to be of use to both parties" ( *Petit interprète, etc.*; Cracow, 1909).

(2) In this connection we may mention the case of Polish labourers employed as woodcutters in Jura who, as arranged in their contracts, were paid at the rate of the labourers' syndicate of the region in which they were employed.

This is a point specially insisted upon by the farmers who employ the immigrants, as well as by the societies obtaining them for them. "The Polish labourers", writes the Polish Emigration Society, "must not go to France to compete unfairly with the French labourers, but only because there is a deficiency of labourers in the French villages. They must not go there to work on cheap wages like coolies, but as workmen who can be of service to France" (1). Still, it must be noted that if, as regards wages, the condition of the Polish labourers is almost the same as that of the French labourers, it is not always the same in respect to board and lodging, as to which the Poles are far less exacting than the French (2).

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If this immigration has not yet given all the results its promoters may have hoped from it, it seems not entirely the fault of the immigrant labourers. The French farmers would also be responsible to a rather considerable extent. They have not shown enough patience, perhaps, to labourers in a strange land, requiring a certain period of time in order to adapt themselves to the new conditions of their existence. Several farmers have even considered that they might, with impunity, violate the clauses of the contract, more especially those concerning Sunday and holiday rest. Others seem to have treated their labourers as if they were really animals, feeding them badly and, with no regard to hygiene, crowding them to sleep in small and ill furnished rooms. Finally, on some farms labourers seem to have been treated brutally by those placed over them.

It will be understood, how, altogether, such proceedings prevented the best use of the immigrant labour, and how they favoured breaches of contract and became an impediment to renewals of contract. The labourers who renew their contract it seems, are, indeed, very few; those who break it before the expiration of the term seem to be about 25 per 100.

The farmers, therefore, should exercise patience towards their labourers and allow them a few months so as to be able to utilise them to their best interest. In the Lorraine region, where these labourers are numerous and came from the beginning of the immigration, the masters "have learned the peculiarities of their character" and profess themselves satisfied (3). There is no reason why the same thing should not occur in other agricultural regions.

(1) *La Société polonaise d'émigration* (op. cit.)

(2) This it must be remarked, is a point specially insisted on by several Agricultural Societies as well as certain agencies.

(3) Declarations of Meurthe-et-Moselle farmers.

§ 8. *Proceedings of the Agencies.*

Of all the French or Galician agencies, working in France or in Galicia, up to now not one has given satisfaction to the farmers. But it is especially the agencies organized in France by real recruiters that are the object of the bitterest complaints. Not only do these agencies, as we saw above (1), charge the highest possible sums for commissions and for travelling expenses, but they offer no security to the employers or to the employees. Besides, the masters accuse them of, systematically, with the design of increasing their profits, enticing away the labourers from the places they have found for them and thus the labourers naturally lose the sums stopped from their salaries by virtue of their contract, which should have been reimbursed to them at the expiration of their engagements. A certain agency, it is said, found 10 labourers 100 situations in the course of a year. It must then have moved the same labourer ten times and unduly received payment, ten times in succession, of its commission expenses and the travelling expenses which had been paid to it on the first engagement of the labourer. From this we may judge of the profits realised to the detriment of the farmers and labourers, who also are charged a commission for being placed in conditions said to be more advantageous. The employees and interpreters of these agencies must be persons of doubtful character, who give themselves up to the exploitation of their compatriots, who, in ignorance of the French laws, submit to their exactions. Labourers are mentioned whose annual wage was fixed at 400 francs and from whom the agencies or their employees have kept back 180 francs (2); and others who, in spite of the engagements made by the agencies hiring them, had to perform a large part of their journey on foot, the amount they should have received to enable them to reach the place of their destination in France never having been forwarded to them.

Some agencies, in announcing their conditions for finding labour, stipulate, indeed, that they undertake "to replace within the first fortnight any labourer not giving satisfaction", (3) but, besides that this term is very short, they infallibly evade this obligation. It is the same with all the assurances contained in their circulars as to the guarantees with which they surround themselves when recruiting labourers in Galicia. In fact, they accept any one without taking account of the professional aptitude of the

(1) See page 183.

(2) Communication from Countess Zamoyaska to the French Farmers' Society (Session of 15th. June, 1910).

(3) Circular of the "France".

individuals (4). Thus, watch makers, shoemakers, medical students, attorneys' clerks and lawyers, have been brought to France to cultivate beetroot. It is the same with regard to the guarantee of morals, and numbers of vagabonds are engaged as farm labourers. Even the identity of the immigrants appears not always to be well established, some of them being in possession of no papers of official character.

Neither the agencies nor their representatives ever sign the contracts they pass ; their interpreters only make known the sense of the clauses to the Polish labourers, who, for the most part are quite illiterate. When the labourer is once employed, whatever happens later, the agency occupies itself no further with him ; it only concerns itself so far as to place him as soon as possible under a new employer.

These scandalous proceedings seem to be frequent among the French recruiting agencies, which denounce each other and thus make known their methods.

Again, some farmers, in order to obtain labour as cheaply as possible and not to have to pay the sums asked by the agencies, seem not to hesitate to offer higher wages in order to entice away, either directly, or through the medium of employees of the agencies, the Polish labourers in the employ of their fellow farmers. This "labourer hunt" which is especially practised at certain seasons of the year, can only encourage the proceedings of the agencies and their staff. Thus, the profits they realise are really enormous and they form the real plague spot in this immigration.

#### § 9. *How to put this Immigration on a better Basis.*

If a remedy be not found, the exploitation of the French farmers and Polish labourers by the agencies can only go on extending itself. The enormous profits that can be realised by the placing of these labourers in certain regions have not been slow in multiplying there the number of recruiters. This number will go on increasing, it is not to be doubted, and the end pursued by these "industrials" being of necessity the same as

(1) It must be said that, according to certain declarations made by persons occupying themselves with this immigration, it would not be possible in Galicia to recruit labourers with the specifications desired by the French farmers. The differences in the methods of labour in use in the two countries would be too great to allow of this specification being made with advantage. The agencies can but confine themselves to the assurance that they only recruit labourers for farm work, without specifying whether they are gardeners, field labourers, herdsmen shepherds, carters, etc. Besides, the gangs not being made up in Poland as in France, one cannot be surprised if a French farmer who has asked for five men receives two adults and three young persons, of whom sometimes one is a woman. It must be ascribed to the custom of the country.

that attained by their predecessors, their proceedings also will be identical, that is to say, deplorable in the interests of agriculture.

To remedy such a condition of things, the farmers should be enabled to dispense entirely with the assistance of the private agencies whether French or Galician. It is with this intention that the *French Agricultural Labour Syndicate* and the *French Farmers' and Agricultural Industrials' Mutual Syndicate* (1) have been founded. These two syndicates and, more particularly, that of "Agricultural Labour" — have placed themselves in relation with the Local Government of Galicia with the object of attempting to arrange, through the medium of its Central Labour Bureau, contracts giving all the guarantees for execution that can be desired by either party, and to conclude agreements to ensure for these syndicates the recruiting of labourers suited to perform the work for which they are engaged. These *pourparlers* have not yet led to effective results. Yet the French Labour Syndicate was recently able to enter into an agreement with the Central Labour Bureau, which engaged to make a careful selection of the labourers it will provide (2). But up to now, we may say, the situation is the same as before and as a whole, the conditions under which the immigration takes place have not yet been modified. Besides, it appears clearly that, in order to arrive at serious and lasting results, it is altogether necessary to have in France only one organisation — syndicate or association — which, in agreement with the Central Labour Bureau of the local Government of Galicia, should have the monopoly of placing the labourers that Office may procure and distributing them. Such an organization would give the farmers every guarantee and would soon reduce, if not suppress, the intervention of interloping agencies and recruiters. This is what certain members of the Polish colony in Paris have attempted to realise in the foundation of the *Polonia* society to replace, in France, the Polish Emigration Society (3).

The object the organisation committee of this society proposes to itself is :

(1) See p. 173.

(2) At the date this agreement was made, the season was already too far advanced for the selection to be made with advantage; the Central Bureau has therefore sent no labourers. Up to the present the Agricultural Labour Syndicate has found employment, chiefly out of philanthropy, for Polish labourers without resource who had been referred to it by the Austro-Hungarian Consulate or the Prefecture of Police. It must be borne in mind that the Syndicate had also entered into an agreement with the Polish Popular Emigration Society (Skolyszewski Agency) [see page 171]. This agreement which expired on 15th. January, 1912, produced no good results: the clauses were not all observed by the agency, especially that relating to the obligation of replacing labourers who break their engagements without sufficient reason. Besides this agency scarcely sent a hundred labourers to the Syndicate.

(3) See p. 171 note 1.



1st. to monopolise the representation and organisation of Polish labour in France ;

2nd. to establish a permanent supervision over the Polish labourers and to protect them effectively, for legal, medical, social and moral purposes;

3rd. progressively to suppress the nefarious work of the agencies occupied in the exploitation of Polish labour ;

4th. to give the French employers the maximum guarantee as to the selection of labourers, organizing a serious recruiting and an effective selection, with the help of the only legal organizations of the country;

5th. by its intervention and through its knowledge of the Polish labourer and his psychology, to smoothe away any difficulties which may arise between master and labourer ;

6th. to limit the immigration of Polish labourers to the real requirements of French agriculture or industry, thus avoiding the introduction of unfair competition with the French workmen ;

7th. to establish the basis of Polish *colonisation* in France and the French colonies, chiefly in Algiers, Tunis and Morocco ;

8th. to centralize all the statistical and economic data concerning Polish labour ;

9th. to constitute a special fund for assistance and for the return of labourers to their homes ;

10th. Lastly, the rules of the *Polonia* provide that all profits it may realize shall be utilised for philanthropic and social work (75 % for work in France and 25 % for work in Poland) (1).

If such a programme can be carried out in agreement with the Central Labour office of Galicia, the problem of finding a healthier basis for the immigration would be partly solved. No doubt the organization which undertakes this task will meet with support from the authorities both in France and Austria-Hungary, as it is to the interest of both Governments that this immigration may take place under the most favourable conditions possible (2).

(1) The Committee of organisation of the *Polonia* Society has also drafted a new contract, according to which the wages are to vary with the regions and are fixed according to two tariffs: tariff (a) for the North, North-East, East and Paris regions; tariff (b), somewhat lower, for the other regions of France. The amount of these wages would be a little lower than that previously established by the Polish Emigration Society and the Central Bureau of the Kingdom of Galicia (Circular of the "*Polonia*").

(2) "The Central Labour Bureau is very desirous of entering into relations with French associations or groups, which it is advised can give serious guarantees" (Note of the French Embassy at Vienna) — For its part, the Austro-Hungarian Government has charged Baron Hennes, delegate of the Austrian Agricultural Department, to occupy himself with the immigration of Galician labourers into France.

As far as can be ascertained, it appears necessary that the organisation which, in France,

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From now forward it is for the authorities of the countries to exercise a vigilant supervision over the operations of the various labour agencies, and vigorously to repress all breaches of the laws, decrees and regulations which they may commit and to take the necessary measures for the rigorous prosecution of clandestine recruiters (1). On its side, the Municipal authority should no longer authorize, in regions where this immigration takes place, the formation of paid agricultural labour bureaux.

### § 10. Conclusion.

As it is only too evident, for manifold reasons, that agricultural labour in France is becoming more and more scarce, the farmers find themselves compelled, in order to supply the absence of it, to have recourse to foreign labour. The Polish immigration from Galicia is only answering a need already long felt, but one that the insufficient supply of Belgian and Italian

assumes the duty of taking steps for placing the immigration on a better basis, must be a *French Organisation*; it would seem difficult, in fact, for the Polish Societies and agencies concerned with this immigration to come to an understanding even on this point, for they are mutually jealous and criticise each other with a certain asperity. (See in this connection an article of 15th. July, 1911, in *Polski Przegląd Emigracyjny* (Emigration Review) of which M. Okolowicz, Manager of the Polish Emigration Society at Cracow is Chief Editor).

(1) In France these are infringements of articles 81, 87, 88, 90, 91 and are punishable in accordance with article 102 of the Code of Labour and Social Thrift. — We have seen, besides (p. 181) that almost all the contracts drawn up by the agencies contain clauses contrary to the provisions of article 51 of the same code.

As an example of the methods employed by certain recruiters, we may quote one of those unauthorized who in a circular addressed to the farmers at the end of 1910, said: "with the assistance of our own, and the Swiss, Belgian, Russian and Austrian Governments, I am in a position to supply you with labourers of both sexes," and added: "I do not wish to act as certain interloping unauthorised agencies, that supply anybody indiscriminately".

We give here, — as a document, — the text of the Order of the Provincial Government of Galicia relating to the recruiting of Galician labourers for other countries.

"Art 1. Whoever in Galicia, desires to recruit for foreign countries directly, workmen, assistant workers for manufactories, farm labourers or miners, workmen for building or for digging, etc.) without addressing himself to an authorized local public medium or labour bureau, must prove that he is seeking the workmen for his own service or that of his employer.

labourers has contributed to aggravate (1). It is then fully justified and can in no way injure the native agricultural labourers. Besides, the Galician labourers, belonging by origin to a nation traditionally in sympathy with France, may be welcomed more cordially than any others. It seems then that all efforts attempted for methodically organizing, utilising and developing this immigration to the advantage of the common interests of French farmers and Galician labourers ought to be encouraged by the Governments of the two nations the general interests of which they serve at the same time.

In the term "foreign countries" as above used, the territories of the Holy Hungarian Crown are not included.

The right of labourers to conclude contracts for work abroad is not affected by this Order.

Art. 2. The proof required in the 1st. paragraph of the 1st article must be given in a certificate delivered or confirmed by the administrative authorities or the competent police authority of the foreign country.

This certificate must indicate the name and domicile of the employer, the place and nature of the business as well as the number of employees to be recruited. If the recruiting is not made by the employer in person, the certificate must also give the name of the emissary, mention the nature of the contract by which he is bound to the employer and contain the declaration that he is authorized to conclude the contract for labour.

The certificate must bear a duly legalised signature: if a legalisation treaty has been concluded with the foreign state, the legalisation must be in conformity with the stipulations of the treaty. A former workman recently engaged for the new season may be authorized to recruit.

Art. 3. Before the recruiting can be commenced, the certificate must be examined and endorsed by the district administrative and police authorities of the place in which the recruiting is to take place. Endorsement must be refused when the circumstances authorize the conclusion that the recruiting is only an irregular (unauthorized) labour recruiting enterprise.

Art. 4. The recruiter must constantly carry his certificate and produce it at the request of the agents of the administrative and police authorities.

Art. 5. Infringements of this order are, in virtue of the Ministerial Order of 30th. September, 1857, *Bulletin of Laws*, No. 198, punishable by a fine not exceeding 200 crowns or imprisonment of from one to fourteen days.

Art. 6. This order shall come into force two weeks after its publication."

(1) The Belgian labourers are said to be decreasing in numbers more and more. (Information supplied by the Abbé Scyssens, Secretary of the "Committee for the Protection of Belgian Workmen Employed in France")

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## MISCELLANEOUS

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### ITALY.

#### I. CURRENT QUESTIONS.

##### Some Demographic and Economic Information on Italy in the Last Fifty Years.

###### Sources :

Discorso pronunziato da S. E. l'on Francesco Nitti, ministro di agricoltura, industria e commercio, in occasione dell'inaugurazione dell'Esposizione internazionale dell'industria e del lavoro in Torino il giorno 29 aprile 1911, coi dati demografici ed economici annessi (*Speech delivered by His Excellency, the Honorable Francesco Nitti, Minister of Agriculture, Industry and Commerce, at the Opening of the International Exhibition of Industry and Labour at Turin, 29th. April, 1911, with Demographic and Economic Data*), Published by the Agricultural Department. Rome, National Printing Press. G. Berfero and Co. 1911.

At the opening of the International Exhibition of Industry and Labour at Turin, on the 29th. April, 1911, the Hon. Francesco Nitti, Minister of Agriculture, Industry and Commerce, succinctly summarised the progress of the national economy during the last fifty years. We think our readers will be pleased to find here reproduced a few of the data supplied by him and recently published by the Department. Let us begin with those of demographic character.

###### § 1. Population, Emigration and Professions.

In 1862 the population of Italy was 25,016,801. At the beginning of 1910 we see from the estimate of the General Management of Statistics that it had reached 34,565,806. The data from 1862 to the end of last

year show that the population has increased by 36 % or about two million every ten years, as appears from the following figures :

1862	Estimate of Population	25,016,801
1872	" " "	26,801,154
1882	" " "	28,459,628
1901	" " "	32,475,253
1909	" " "	34,417,831
1910(1st. Jan.)	" " "	34,565,806

At the same time the number of the groups of inhabitants of average importance has considerably increased. In fact the communes with between 20,000 and 50,000 inhabitants, which were 67 in 1861, increased to 81 in 1871, to 96 in 1881, to 113 in 1901, etc.

This increase was not altogether due to births, for the decreased deathrate has also to be taken into account, as it fell from 30.8 per thousand inhabitants in 1872 to 21.5 per thousand in 1909.

But, the national production, above all in the first forty years, was not in relation to the increase of population, so that a constantly larger number of persons was forced to emigrate.

In the emigration movement between 1876 and 1910 four periods may be distinguished. In the period between 1876 and 1885 the total emigration varied between a minimum of 90,000 and a maximum of 160,000. The emigration to European countries or to those of the Mediterranean Basin remained stationary, whilst that across the Ocean rapidly increased. In the second period, from 1886 to 1894, we observe, on the contrary, that emigration to European countries and to those of the Mediterranean Basin predominate. Altogether the emigration fluctuated about an average of 250,000. In the third period, up to 1900, the preponderance of transoceanic emigration definitely appears, and the total emigration attains the figure of 352,000 persons. In the last period emigration assumed extraordinary proportions. In 1906, 787,977 persons went abroad. This increase is largely due to transoceanic emigration which doubled itself between 1905 and 1910. But the emigration movement to other European countries and across the Mediterranean is generally more regular.

With respect to the distribution of the population among the various professions, the most reliable data are those provided by the census returns of 1881 and 1901. Examining them attentively, we see that in the space of twenty years, that is during the interval elapsing between these two dates, there has been an increase in the number of persons employed in agricultural, mining and chemical industries, wood, paper, leather, clothing

manufacture, sale of goods and produce, credit and insurance business, etc. There was, on the other hand, a decrease in the number of persons engaged in building, in textile industries, domestic service, religious work, as well as of those assisted by public or private charity and those living on their incomes.

## § 2. *Agricultural Production.*

In 1863, according to the Statistical Yearbook (1) the total area of Italy was 29,551,773 hectares distributed as follows among the various classes of cultivation:

	Hectares
Cultivable lands, with or without vineyards . . . . .	11,541,422
Natural and artificial meadows . . . . .	1,208,381
Rice fields . . . . .	144,907
Olive yards . . . . .	583,268
Chestnut groves . . . . .	595,832
Woods . . . . .	4,434,569
Pasture lands . . . . .	5,559,588
Pools, valleys, and marshes . . . . .	1,170,882
Uncultivated land . . . . .	2,885,345

To-day (2), according to the agricultural cadastre recently instituted at the Agricultural Department, the area devoted to agricultural and forestry production is distributed as follows:

	Hectares
Land for seed plants, properly so-called . . . . .	7,046,000
Land for seed plants including trees . . . . .	6,639,000
Special cultivation of wood . . . . .	1,508,000
Forests, including chestnut woods . . . . .	4,564,000
Permanent meadows and pasture lands . . . . .	5,580,000
Uncultivated productive land . . . . .	1,035,000
Total . . . . .	26,372,000

(1) *Annuario statistico italiano*, edited by CESARE CORRENTI and PIETRO MAESTRI, 2nd Year, 1864, Turin, Literary Press. 1864.

(2) For the present conditions of Italian Agriculture, see: the Monograph by Prof. GHINO VALENTI: *L'Italia agricola dal 1861 al 1911*, published under the auspices of the Royal Academy del Lincei, Rome, Press of the Academy del Lincei, 1911.

Altogether 263,716.07 sq. kms.

Area occupied by buildings, watercourses, roads, railways and tramways, and naturally barren land . . . . .	22,966.15 sq. kms.
Total area of the kingdom . . . . .	286,682.22 „ „

Although the data given in the two foregoing classifications of cultivation scarcely admit of comparison with each other, it is, however, interesting to note that the uncultivated land only appears now as a million of hectares, instead of three millions as before. We see also that the area of the meadows has increased from 1,208,381 hectares to about 5 ½ million hectares.

In addition to this and yet other progress, the amount of production, which appeared as 2,885,000,000 francs in 1863, amounted, according to a calculation made by the Statistical Office of the Agricultural Department, in 1911, to about 7 milliards of francs.

So much said, let us now give some details as to certain agricultural produce.

(a) *Wheat*. — The wheat production of Italy increased 6 % from 1870 to 1910. This increase is partly due to the extension of the cultivation of wheat in new zones, and partly to the increased average yield per hectare. In 1870, in fact, the area cultivated in wheat was 4,737,000 hectares and the average yield per hectare was 10.75 hectolitres. In 1911 according to calculations made by the Statistical Office of the Agricultural Department, the area cultivated in wheat amounted to 4,752,000 hectares, and the average yield per hectare had risen to 14.08 hectolitres.

Yet the increased production was not sufficient for the requirements of the population which had increased in larger proportion. Thus, Italy has to resort largely to importation, and, in fact, in 1910, it imported from abroad 12,337,000 hectolitres of wheat.

(b) *Maize*. — The area cultivated in maize, which was 1,717,000 ha. in 1870, was only 1,510,000 ha. in 1910. As the production had not increased in proportion to the increased consumption, recourse had to be had to importation and 400,227 tons of this produce were imported.

(c) *Rice*. — Between 1870 and 1910 a great reduction is observable in the area cultivated in this cereal, and a quite remarkable increase in the average yield per hectare. In fact, the 232,000 ha. cultivated in rice in 1870 have been gradually reduced to 145,000 ha. in 1911, whilst the annual yield per hectare has increased from 42.22 hl. to 53.11 hl. As the amount of rice produced exceeds the requirements of the consumers in the country, a large quantity is exported. In 1910 852,000 hl. were exported.

(d) *Hemp and Flax*. — In 1863 the production of hemp in Italy was estimated at about 635,000 quintals. This production increased

from 1870 to 1874 to 965,000 quintals. Then, it seems there was a tendency to decrease. In 1910, the yield was 868,000 quintals, of which 530,340 were exported.

The flax production was calculated in 1863 at 135,000 quintals. During the next decade it was about 200,000 quintals per year and it remained at that figure until 1891. But in 1909-1910, the yield fell to no more than 32,000 quintals. This corresponded with the decreased area used for this crop. From 50,000 hectares in the period 1870-1894 it was in fact reduced to 9,000 hectares in both 1909 and 1910.

(c) *Wine and Oil.* — In the first attempt at an agricultural statistical return made there was no special division for the area cultivated in vines. It was at that time included in the category of cultivable lands, with or without vineyards, which, as we saw, in the whole of Italy, covered 11,541,522 hectares. The wine production at that date was calculated at 24,002,657 hectolitres. At present, the area cultivated in vines is 4,463,000 hectares. In 1909 the yield of grapes was 96,112,000 quintals and in 1910 46,747,000. Mixed cultivation extends to 3,552,000 hectares with an average yield of 14.6 quintals per hectare in 1909 and 7.1 quintals in 1910. Specialised cultivation covers 911,000 hectares with a yield of 48.2 quintals per hectare in 1909 and 23.6 in 1910. It is presumed that the production of wine in 1910 was about 48 million hectolitres.

In 1864, 583,268 hectares were cultivated in olives in Italy, the total yield of oil from which was 1,775,226 hectolitres. According to the new agricultural cadastre, of which we spoke above, specialised olive cultivation extends to-day over 581,000 hectares, the normal yield of which is 10,126,000 quintals. Mixed cultivation extends over 1,751,000 hectares and produces normally 10,438,000 quintals. However, in 1909, the yield was no more than 7,963,000 quintals. In 1910 the yield was 4,821,000 quintals for specialised cultivation, and 4,545,000 quintals for mixed cultivation, yielding 1,384,580 hectolitres as compared with 2,559,200 hectolitres in 1909. The yield for these two last years is far below the average for various reasons, amongst which must be mentioned diseases and above all the *mosca olearia*.

### § 3. *Mineral Produce.*

In 1910 the Royal Mining Corps calculated the mineral yield of Italy at more than 80 million francs. The minerals produced in quantities of a million or more francs are : iron ore, 7.6 millions ; copper ore, 1 million ; zinc, 14.8 millions ; mercury, 3.7 millions ; iron pyrites, 2.3 millions ; coal, 4.9 millions ; sulphur, 32.4 millions ; raw petroleum, 1.4 million ; asphaltic and bituminous rocks, 2.3 millions.



The quantities of sulphur, iron, lead and zinc and the value represented by them have considerably increased from 1860 to 1910.

#### § 4. — *Manufactures.*

During the period with which we are dealing the progress of manufactures is worthy of comparison with that of agriculture. Some manufactures of recent growth, rapidly attained considerable development and by the side of these new ones also have been created. This progress is due to various causes. One of the most characteristic is the importation of coal, still to-day so necessary for manufactures. The import in 1910 was twenty times what it was in 1862. Another important cause is to be found in the motor forces employed in Italy. Here also we find an extraordinary multiplication of forces, for the most part applied to manufacture. To give an idea, we reproduce a small table showing the motor force of all kinds, employed on the 1st. January, 1899 and 1st January, 1904, according to the various uses to which it was applied

Use to which the force was applied	Horse power in round Numbers	
	1st January, 1899	1st January, 1904
Agricultural Industry. . . . .	95,000	165,000
Manufacturing. „ . . . .	335,000	980,000
Transport :		
Land Transport and Lake Navigation .	300,000	1,495,000
Sea Transport, Maritime Industry and Trade . . . . .	250,000	345,000
War Office and Admiralty Workshops . .	20,000	15,000
Total . . . . .	1,000,000	3,000,000

Amongst the motor forces employed we must specially mention electrical energy, in recent years placed at the service of industry. Although coming after the other nations, Italy has made great progress in this direction, since she has begun to utilise her abundant hydraulic force. In fact, in 1908 there were only 2,286 electric installations, with altogether a power of 86,570 kilowatts ; at the end of 1910 there were about 7,000 producing altogether more than 600,000 kilowatts, or 800,000 horse power, a number which shows an increase of almost 8 to 1.

As to the employment of electrical energy we must observe that in 1895 102,469,000 kilowatt hours were consumed, whilst in 1900 this figure

increased to 267,713,000, to reach 738,286,000 in 1905 and 1,312,688,000 in 1910.

In addition, at the end of 1900 there were 66 national societies limited by shares, for production, transport and distribution of electrical energy with a total capital of 94 millions. At the end of 1910 there were 206 with a capital of 422 millions.

So much said in general, we shall now give some particulars as to some of these industries.

(a) *Chemical Products.* The chemical products of special importance for us are the superphosphates and other manures, the increasing production of which is a sure indication of the progress of agriculture. They have increased, in fact, from 720,950 quintals produced in 1893 to 2,286,900 produced in 1898, 5,123,484 in 1905, 9,366,259 in 1909 and 10,502,245 in 1910.

(b) *Silk Industry.* This is one of the most ancient of Italian industries, and, in spite of all the vicissitudes through which it has had to pass, it has yet managed to progress. The cocoon production has increased from 40 to 60 million kilogrammes. Spinning, milling and weaving have also developed to the degree that to-day in Italy 75 million kilogrammes of cocoons are treated every year, the average yearly value being about 250 million francs. We must naturally also take into account the data for the import of cocoons. The figures were 3,831 quintals in 1871, 11,945 in 1881, 34,542 in 1901 and 43,836 in 1910. The export is far inferior to the import.

(c) *Tanning Industry.* This is a very ancient industry in Italy, where it has good traditions and finds conditions favourable to its development. But the home production of skins is insufficient to support it. So it is constrained to import large quantities from abroad. For the years between 1876 and 1903 we have the following data :

	1876	1903
Number of Tanneries . . . . .	1,316	1,171
Horse power		
Steam factories . . . . .	259	2,716
Hydraulic „ . . . . .	642	1,905
Gas, Petroleum, etc. factories . . . . .	—	120
Electric factories . . . . .	—	96
Workmen . . . . .	10,734	14,137

The most important tanning centres are : Turin, Genoa and Milan which also do the largest export.

(d) *Glass Industry*. As is well known, the most ancient centre of this industry was Venice, whence it spread to various countries of Europe, especially to France and Bohemia. There are to-day in Italy 80 glass works employing 10,911 workmen. The majority are in Tuscany (18), Venetia (15), Campania (15) and Lombardy (10). The 80 factories have 208 motors. We must remark that this industry is generally carried on by small societies, but we must not forget that there are also important limited liability societies, such as the *Cristallerie e Vetrerie riunite* of Milan with 6 millions capital and the *Società Veneziana* with 4½ millions.

(e) *Ceramic Industry*. This is another artistic industry, which passed from Italy into various countries of Europe. According to the Statistical Yearbook for 1878, this industry produced 10,000 francs and employed 7,000 workmen. From a recent enquiry it appears, there are now 259 factories of majolica, terra cotta and porcelain, using 240 horse power and employing 5,398 workmen. The largest number are found in the Marche, that region alone having 75. With regard to the trade in porcelain, we must say that in 1910 the import was 37,750 quintals and the export 4,116 quintals.

#### § 5. *Savings.*

To determine the amount of savings which provides, as we know, one of the most significant indications of the economic progress of a nation, becomes constantly more difficult, owing to the multiplicity of forms economy assumes. However, the most common is, doubtless, that which is concentrated in the Savings Banks. A statistical return made by the Agricultural Department in 1863 gave their number as 154. The number of savings bank books was 284,003 representing 188,629,594 francs.

In 1870 the ordinary savings banks had already 348 millions.

According to another return of 1909 the number of banks was only 185, but the deposits appeared as 2,323,600,000 francs.

In 1875 the postal savings banks were formed. They also developed rapidly.

The total amount of deposits in the ordinary and postal savings banks, and in the ordinary credit and co-operative societies was 465,359,328 frs. in 1872 and rose in 1880 to 910,155,858 frs., in 1890 to 1,792,370,747 frs., in 1902 to 2,819,157,798 frs., to reach 4,702,065,326 frs. on the 31st. December, 1908.

We must not pass over without mention, other institutes, besides the above, for example, certain agricultural credit societies, pawn institutes, and rural loan banks, which also receive savings deposits, but we have no really complete information regarding them. Let it suffice to say that the savings

deposits on the 30th. November, 1910 in the agricultural credit institutes constituted as societies limited by shares amounted to 8,028,897 frs. Those in the pawn institutes on the 31st. December, 1908, appeared as 9,850,742 frs. Finally, in the rural loan banks, the fiduciary deposits, on the 30th. June, 1910 amounted to 50,087,705 frs., but we do not know how much of this represented savings deposits.

Even while we omit further data, for want of space, what we have given is enough to show that on this side the economic development of Italy has been really remarkable.

#### § 6. *Means of Communication and Post and Telegraph Services.*

It is also interesting to consider the progress made in the means of communication, which play so important a part in the economic development of a country. To begin with the State, Provincial and Communal roads, we must mention that in 1860 there was a network of 48,028 kilometres, which increased to 138,096 kilometres in 1904, which represents about half a kilometer per square kilometre and more than 4 kilometres per 1,000 inhabitants.

With regard to railways, we must first of all state that in 1861 there were 2,189 kilometres of railways working. They produced about 70 millions. In 1865 the system included 4,376 kilometres. Since then there has been a continual increase to 10,526 kms. in 1885, 15,479 in 1895, 15,884 in 1900, 16,502 in 1905 and 18,413 in 1910.

Finally we have yet another sign of the commercial activity of Italy in its post and telegraph services. In 1862 they caused the State a loss of 10 millions. Since then they have been less and less of a burden. In 1907 they gave a profit of 3 millions. This has increased, little by little, to about 6 millions in 1910, including the profits from the telephones.

The postal, telegraph and telephone revenue in 1861 was, in round numbers, somewhat more than 15 millions. For the financial year 1909-1910 it was 140,256,974 francs and the expenditure has increased from 17 millions to 134,494,000 frs.

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## MISCELLANEOUS

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### SWEDEN \*

#### I — CURRENT QUESTIONS.

##### The Condition of the Agricultural Workmen.

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(\*) Forwarded from Stockholm by our official Swedish Correspondent.



§ 1. *Farmers and Agricultural Labourers.*

The Swedish agricultural population, as modified in the course of centuries may be classified as follows :

(A) *The peasants*, including the minute fraction of the nobility occupied in agriculture, form really the farmer class ;

(B) The “ *base tenants* ” (*jordtorpare*), that is to say tenant farmers whose rent consists in a fixed number of days' labour for the proprietor ;

(C) The “ *backstugusittare* ” (cottagers), that is to say, occupiers of the smallest lots of land, who, in general, are not bound to a fixed number of days' labour for the proprietor ;

(D) The “ *inhysesjon*,” that is to say, persons of the peasant and “ base tenant ” classes, who work for the proprietor without contract.

(E) The labourers “ *at mixed wages* ” (*statare*) and the “ *base tenants on wages* ” (*stattorpare*), that is to say, generally, married servants, not boarded by the master, but who, like the other servants, work for him in return for lodging and a yearly wage in kind (*stat*) or in money or in kind and money.

(F) *The men and maid servants* (*drangar and pigor*) or unmarried servants on contract living with the master and boarded by him.

(G) *The free day labourers* (*lösa daglonare*), or agricultural labourers not included in classes (C) and (D) and who do not serve the same master exclusively.

The Swedish professional census and the statistics of population furnish information on the composition of the agricultural population, for short periods.

In Table I below, the classes of men and maid servants, labourers on mixed wages and “ base tenants ” on wages have been classed with that of the day labourers, under the generic title of Servants.

TABLE I. — *Composition of the Agricultural Population in Sweden in the periods 1775-1800 and 1870-1900.*

Years	(A) Peasants	(B) Base Tenants	(C) (D) "Back- stugusittare", and "inhysseshjon"	(E) (F) (G) Servants	(H) Total Agricultural Population	A as % of H	B as % of H	C,D as % of H	E,F,G as % of H
1775 . . . .	1,052,725	182,302	98,948	266,577	1,601,552	65.7	11.4	6.2	16.7
1780 . .	1,079,644	165,556	106,000	274,100	1,625,300	66.4	10.2	6.5	16.9
1785 . .	1,051,025	173,845	129,923	266,679	1,615,472	65.0	18.8	7.7	16.5
1790 . . . .	1,067,538	208,960	160,657	253,722	1,691,877	63.1	12.4	9.5	15.0
1795 . . .	1,082,862	238,569	174,412	283,245	1,779,088	60.9	13.4	9.8	15.9
1800 . . .	1,102,120	261,727	197,116	277,184	1,838,147	60.0	14.2	10.7	15.1
Average in 1775-1800	1,072,652	205,327	143,509	207,418	1,691,906	63.4	12.1	8.5	16.0
1870 . . . .	1,395,543	436,486	482,261	309,459	2,683,749	52.0	16.2	18.0	13.8
1880 . . .	1,465,763	432,555	401,516	360,996	2,660,820	55.1	16.2	15.1	13.6
1890 . . .	1,479,520	382,244	336,523	479,284	2,677,580	52.2	14.3	12.6	17.9
1900 . . . .	1,482,415	340,898	283,533	466,000	2,572,846	57.6	13.3	11.0	18.1
Average in 1870-1900	1,455,810	398,046	375,958	418,935	2,648,749	55.0	15.0	14.2	15.8

In the period 1775-1800, the peasants formed on an average 63.4 % of the agricultural population, the "base tenants" 12.1 %, the "backstugusittare" and "inhysseshjon" 8.5 % and the servants 16 %. From that date the classes of "base tenants" and "backstugusittare" and "inhysseshjon" began to increase at the expense of the peasant class, and this movement continued well into the nineteenth century, to such a degree that during the period 1870-1900, the average number of peasants was no more than 55 % of the farming population, whilst the "base tenants" were 15 %, the "backstugusittare" and "inhysseshjon," 14.2 % and the servant class, almost stationary, 15.8 %.

But about 1860, there had begun a reaction clearly to be seen from a comparison of the figures of the beginning and end of the latter period. Indeed, from 1870 to 1900, the class of peasants, that is to say the class of farmers properly so-called, rose from 52 % to 57 %, and the agricultural labouring

class, taken altogether, showed a decrease, so pronounced in the case of the "base tenants," the "backstugusittare" and the "inhysesshjon," as to counterbalance the increase in the servant class, taking place at the same time. It must be borne in mind that the figures for the servant class in the period 1870-1900 not only include men and maid servants, but also day labourers and free labourers; it is to this last group that the increase in the servant class must be assigned, for it cannot be believed that the fraction of the agricultural population composed of men and maid servants has largely increased during this period.

The principal cause of the variation in the Swedish agricultural population in recent years has been the depopulation of the country districts, due to manufactures and emigration, depopulation first declaring itself about 1860. This movement appears in the following tables II and III, which show, the one, the proportion of the population deriving its resources directly or indirectly from agriculture and its dependent industries and the other, the average net emigration per 1,000 inhabitants.

TABLE II. *Agricultural Population in Proportion to the Total Population.*

Years	(A) Agricultural and Dependent Industries	(B) Total Population	A as % of B
1870 . . . . .	2,995,844	4,168,525	71.87
1880 . . . . .	3,078,274	4,565,668	67.42
1890 . . . . .	2,914,984	4,784,981	60.92
1900 . . . . .	2,756,704	5,136,441	53.67
1908 . . . . .	2,667,000	5,430,000	49.12

TABLE III. *Net Amount of Annual Emigration.*

Year	Net Amount	Per Thousand
1871-1880 . . . . .	12,069	2.77
1881-1890 . . . . .	32,880	7.03
1891-1900 . . . . .	16,796	3.15
1898-1907 . . . . .	16,398	3.15

The rural class which, during the period 1751-1840, formed a nearly constant fraction of the Swedish population, or 80 % in round numbers,

is no longer to-day even the half of the total population. Manufactures, together with emigration on a large scale, have so appreciable an action that the agricultural class which formerly constantly increased, has remained stationary since 1860. It has even decreased numerically since then, and this decrease has been in certain rural sub-classes.

Whilst the number of farm labourers diminished, the demand for paid labour increased, causing a constant rise in farm labourers' wages. Statistics give an idea of this evolution (see Table IV), with data as to the wages of men and women servants, labourers on "mixed wage" and day labourers.

TABLE IV. *Wages of the Various Classes of Agricultural Labourers.*

Years	Annual Ordinary Wage of Servants Lodged and Boarded by the Master		Annual Wage of Labourers on "Mixed Wage" Amount of Wages, partly in Kind and partly in Money		Daily Wage in Summer		Daily Wage in Winter	
	Men	Women	Men	Women	Men	Women	Men	Women
	Crowns	Crowns	Crowns	Crowns	Crowns	Crowns	Crowns	Crowns
1871-1875 . . . . .	154	61	375	214	1.82	0.86	1.20	0.60
1876-1880 . . . . .	153	64	378	221	1.62	0.83	1.10	0.58
1881-1885 . . . . .	153	66	366	213	1.55	0.83	1.04	0.57
1886-1890 . . . . .	149	69	366	209	1.58	0.91	1.04	0.61
1891-1895 . . . . .	173	84	404	225	1.78	1.02	1.21	0.71
1896-1900 . . . . .	205	103	456	253	2.05	1.15	1.42	0.81
1902-1905 . . . . .	233	123	507	286	2.21	1.30	1.54	0.93
1908 . . . . .	283	164	621	352	2.62	1.53	1.88	1.12
1909 . . . . .	287	168	626	360	2.66	1.57	1.89	1.15

This very long period of constant rise in wages still continues. It began in 1888, that is to say, twenty three years ago. The wages of men and maid servants, of labourers "on mixed wages" and day labourers are now  $1\frac{1}{2}$  times or twice what they were at the beginning of the period, and, little by little, this increase has also made itself felt among the other classes of farm labourers.

§ 2. "*Backstugusittare*" and "*Inhyeshjon*."

It is with some reserve that the "*Backstugusittare*" and "*Inhyeshjon*" are to be included among the farm labourers. They form the lowest rural class and the least valuable element, on account of the advanced age, laziness or low morality, which have characterized the members of the class as a whole in recent centuries. It must be also observed that very often the "*backstugusittare*" have begun as labourers. Smetines also, in the older industrial regions, they had been engaged in labour in connection with the iron works (charcoal burners or wood cutters), much more than in agriculture properly so-called.

The large increase of these two classes is not in the first place due to the desire of the farmers to get free labourers but rather to the pressure of the large increase of the population.

In the course of centuries the cottagers and "*inhyeshjon*" (temporarily lodged labourers), were recruited in part from among discharged soldiers, old men, peasants, base tenants, old sailors, etc., for these unfortunately the cottages rather served as asylums in addition to those of public charity.

However, the principal members of the "*backstugusittare*" and "*inhyeshjon*" classes were young persons, principally of the servant class. To men and women servants desirous of marrying the proprietor would give a small piece of land, where they might have a cottage and a potato field, or cabbage garden, either because the land was of little benefit to him, or, especially in more recent years, so as to have additional hands available in case of need. It was, we may say, a spontaneous home settlement, due to the desire for "*homesteads*," natural to the Swedish peasant.

But if the person in this way indeed obtained a roof and a vegetable garden, generally there was very poor provision made for the necessities of his existence, for the position thus acquired scarcely furnished the advantages on which he had reckoned. Whilst the men and women servants and labourers on "*mixed wage*," that is to say servants engaged by contract, have their wages assured to them in good and bad years alike, whilst the "*base tenant*," is supported partly by his farm, and partly by the interest the owner has in giving work in bad seasons to him rather than to day labourers, the cottagers, for their part, form a class living almost entirely upon their earnings, which are besides very uncertain. Attached to the soil, the cottagers were formerly subject to the many risks of agriculture, which, on account of the undeveloped condition of Swedish manufactures lasting until 1850, was the resource of the needy. In prosperous seasons they managed to live, but when bad seasons returned, when the

peasants were obliged to reduce their expenses and other sources of profit were likewise wanting, the position of the "backstugusittare" became extremely precarious.

The cottagers took little part in the efforts made by the agricultural labourers to obtain social independence.

From the first half of the nineteenth century or since the desire of forming a "homestead" has manifested itself everywhere, the authorities and the committees have agreed in saying that early and imprudent marriages without any economic basis, have been the cause of these grants of minute *métairies*; that the aspiration after independence, urging men and maid servants to shake off the yoke of service has often led to disaster, as it was not accompanied by aptitude or knowledge, or the indispensable economic means; that often the desire to establish themselves has been so imperious, that the "backstugusittare" have accepted uncertain and unfavourable conditions from the landlords.

We have here a striking example of the errors into which the proletariat may be led, when their sense of moral and economic responsibility is defective. It seems, besides, indisputable that the multiplication of cottages, especially between 1820 and 1840, contributed to the increase of poverty in Sweden.

It has only in the older iron manufacturing districts, where it was possible to obtain higher and more certain remuneration, that the cottagers had somewhat better fortune. But it must be said that it was here less a case of agricultural settlement than of the formation of small homesteads by forest labourers and smiths.

In the second half of the nineteenth century, as Swedish manufacturers advanced, the peasants were attracted by the higher wages to be obtained in towns and manufacturing centres. In addition to the prospect of gain, they were also urged by the instability of their rights over their holdings and by the discomfort of their poor dwellings. After reaching the maximum about 1860, the "backstugusittare" and "inhysseshjon" classes, like the other rural classes, rapidly declined (see table I : C and D) in numbers; only leaving in the country the members least adapted for work.

We find among them, especially now, old men, infirm or nearly incapable of working and consequently unable to answer the requirements of agriculture. Only in a small number of localities where labour is scarce are the "cottagers" temporarily employed in field labour.

To sum up, it may be said that this reduction of the number of "backstugusittare" and "inhysseshjon" is not a social disadvantage. In certain cases, indeed, this element might have been useful when there was a deficiency of labour, but this eventual advantage was largely counterbalanced by all the drawbacks mentioned above.

§ 3. *Base Tenants.*

Like all the other elements of the Swedish rural population, the class of "base tenants" increased up to 1860, when it began to diminish. The statistics of population show the number of heads of families, which we classify in the following table:

TABLE V. *Heads of Families of the Base Tenant Class.*

Year 1769 . . . . .	36,166
„ 1780 . . . . .	41,380
„ 1790 . . . . .	52,530
„ 1800 . . . . .	64,644
„ 1820 . . . . .	76,637
„ 1830 . . . . .	86,114
„ 1840 . . . . .	88,364
„ 1850 . . . . .	96,810
„ 1860 . . . . .	99,815
„ 1870 . . . . .	95,388
„ 1880 . . . . .	92,590
„ 1890 . . . . .	81,888
„ 1900 . . . . .	72,252

In the period 1860-1890, the number of small *métairies* decreased by about a quarter throughout the whole extent of the country, and, according to a special statistical enquiry into the number of small *métairies* in the districts in which they are common, that is to say in all Sweden except Norrland and Dalcarlia, the same retrograde movement took place between 1900 and 1910.

TABLE VI. *Number of Small Metairies in Sweden, not including Norrland and Dalcarlia, between 1900 and 1910.*

Number of <i>Métairies</i> in 1900	Number of <i>Métairies</i> in 1910	<i>Métairies</i> Abandoned in 1910	<i>Métairies</i> Suppressed since 1900	<i>Métairies</i> Sold since 1900	<i>Métairies</i> Abandoned and Sold in Proportion to the Total Number of <i>Métairies</i> in 1900
66,703	53,005	2,015	7,302	4,381	14.0

It is to be regretted that there may be included in these data a rather large number of concessions for 49 or 50 years, the buildings of which, representing a greater value than that of the land itself, are the property of the occupant and which it is usual to call *métairies*, although the tenant does not work for the proprietor or the number of days due to him is very much reduced.

The majority of the *métairies* in Sweden are in the hands of day labourers paying rent in labour. With the obligation of furnishing the master with a certain number of working days, they have the enjoyment of a small property, with dwelling house and certain other advantages, such as free firewood, free use of the draught cattle, hay and pasturage, etc. This kind of *métairie* is special, since the farm pays for itself in kind under the form of day labour. This quite special institution is for farm and forestry work a system from which the money factor is excluded, precisely where money is dear. The working days are one or more per week, according to the area of the *métairie*, and according to the special circumstances. 13.6 % of these *métairies* have now an area of at most half a hectare ; 24.4 % between  $\frac{1}{2}$  and  $1\frac{1}{2}$  hectare ; 23.3 % between  $1\frac{1}{2}$  and 3 hectares ; 17.8 % between 3 and 5 hectares ; 10.7 % between 5 and  $7\frac{1}{2}$  hectares ; and 10.2 % over  $7\frac{1}{2}$  hectares. The majority are small *métairies*, without draught cattle, but the large *métairies*, falling especially within the two last groups, have not only cows but also horses, and the tenants get their base service done by the farm servants.

The class of "base tenants" originated in the eighteenth century. At that date the system of *métairies* extended rapidly in consequence of the increase of the population and of that aspiration after independence felt by the labouring classes as a whole during the period called, in Sweden: "the era of liberty." Further, as the rural properties included vast uncultivated tracts as well as forests, it was easy to multiply the *métairies*. On the other hand, the proprietor, who, according to the ordinary system of service, is obliged to board and feed through the whole year people whom he only requires at certain moments, may, by means of the system of "base tenants", execute the work early and economically ; he has, besides, the advantage of always being able to count on the days of service in kind, without being at the mercy of the fluctuations in wages in money. It is also to be observed that the "base tenants" provide a perpetual supply of workers, superior to the cottagers from the physical and moral, as well as from the economic, point of view. The advantages offered by the system of "base tenants," over that of servants boarded and lodged, have been more and more appreciated in proportion as the number of free labourers have diminished and their requirements increased.

Under these circumstances, it is especially interesting to study the causes of the decrease in number of the class of "base tenants", which



occurred later. As far back as 1830-1840, whilst this class of labourers as a whole was still increasing, its decrease on the large farms began to be observable. This development of rural economy was only due to the "base tenants" abandoning their class for that of the labourers on "mixed wage," and preponderated more and more on the large farms. The first half of the nineteenth century coincides with the *technical reorganization of Agriculture* in Sweden; characterized by the cultivation of natural meadows and the large extension of the cultivation of cereals. The need was generally felt for *uniting together all the various fractions of one property*. It often happened that the proprietors re-incorporated the *métairies* in their farms, so as to obtain a larger yield from the lands cultivated in grain. Finally, the farmers felt the necessity of disposing more freely of labour than they could in the case of "base tenants".

This principal cause of the decrease of *métairies* made itself felt again, especially in the districts given up to extensive culture of oats, in the course of the years that followed 1860. Again, a large number of *métairies* have been suppressed on the division of properties. But to these various reasons others of a complex nature must also be added, due to the depopulation of the country for the benefit of manufactures and emigration. We then see that the economic factors which have recently led to the reduction of the class of "base tenants," are just those that have generally led to the dislocation of agricultural populations. Special enquiries have confirmed this fact. According to the data obtained, and contrary to what was formerly observed the *disappearance of métairies* in recent years must be attributed to the "base tenants" themselves who allowed themselves to be seduced by the higher wages and additional resources offered in certain countries. As the saving of money began to occupy the minds of the peasants, the "base tenants" began to develop a gradual aversion from their base service.

The wages of the servants continually increasing, the larger "base tenants" felt more indisposed to pay men for performing their base service for the master. In consequence, the decrease was more appreciable among the large farmers than among the others. The attraction of the towns, of manufactures and of America, for the young generation of "base tenants" led to similar results.

The consequence was that the base service was often replaced by tenant farming at a rent in money. The farmer who saw wages increasing found it more advantageous for himself to change from payment in kind, by way of day labour, to farming for a rent in money, and the master was often obliged to give way to his wishes. But the *métairie* thus lost its character and *raison d'être* as a system of agricultural labour. The owner was confronted with ordinary tenant farming; he considered that his expenditure for the house, fuel and fencing were poorly compensated

by tenant farming with rent in money, and in many cases he suppressed the *métairie*, and sold or demolished the house (see table VI, columns *métairies*, suppressed or sold).

Perhaps the most general reason for the abandonment of the system in recent years was the incessant reduction, demanded by the "base tenant" of the working days, which ended in making the *métairies* a burden for the proprietor.

It is difficult to contend against tendencies commonly rooted in the minds of individuals. To attain an object it is better to work with and not against the general social and economic current. If it is desired to save from suppression and demolition the large *métairies*, still numerous enough, forming enclaves in the estates or situated on their outskirts and capable of existence as independent properties, attempt must be made to help the "base tenants" to purchase them in order to farm them themselves. The State loans, for the formation of homesteads, have already to some extent favoured the realisation of this design, but the movement for making the agricultural labourer a peasant farmer must be organized more systematically and on a larger scale.

To the progressive suppression of *métairies* certain pernicious circumstances, independent of the inevitable social evolution have also contributed. Such have been, on the proprietor's side, the maintenance of certain conditions, the severity of which was revealed by the increase of wages, the too slow conversion of dues in kind into dues in money, the absence of leases or their want of clearness, certain inopportune clauses with regard to the possession of the *métairie*, the negligence of the proprietor with reference to it, and his indifference to the "base tenant."

On the part of the latter, his want of interest injuriously affecting agriculture, his insufficient knowledge and his negligence in the management of the *Métairie*, etc. In consideration of the importance of the rôle of the base tenants as labourers in agricultural forestry enterprise, during the present quasi-unemployment, it is absolutely necessary to contend against these evils and to employ appropriate measures to modernise the institution of the "*Métairies*."

Under good organization the system of "base tenants" offers important advantages and at a future date it may have a predominant position in agricultural and forestry economy. We see from the reports of the Masters' Societies and those of the Rural Economy Societies that the farmers still attribute great importance to the *métairies*. Curious examples are given of large proprietors who, after having for a certain period, excluded *métairies* from their properties, have thought good, to the satisfaction of the parties concerned, again to entrust the farming of their lands to "base tenants." Finally, for the scientific exploitation of forests it is indispensable to have a supply of permanent labourers, habituated from

childhood to forestry work, on whom it is possible to rely. The inspectors of forests, and the forestry and industrial companies unanimously praise the "forest born labourers."

In the crisis through which they have passed, the "base tenants" have, on their part, failed to recognise the advantages of the institution of *métairies*. When he establishes himself on his own account the peasant is obliged to run into debt, but if he takes a *métairie*, a very small capital is enough for the purchase of cattle and material, which besides are often supplied by the farmers. Other advantages, such as free pasturage, hay and firewood, the free use of the draught cattle and some other rights, render the position of the "base tenant" enviable in comparison with that of the peasant farmer. Besides, the "base tenant," even in bad seasons, may generally obtain advantages from the landlord. Add to this, that with time it will be understood that farming a *métairie* greatly facilitates the passage from the position of a free labourer to that of a peasant proprietor.

What steps must then be taken to modernise the *métairie* institution? The legally recognised right to compensation for improvements; the formal obligation of the proprietor to supervise the management of the *métairie*; a better understood system of personal credit for purchase of material and for farm expenses, etc.; agricultural teaching, that may be styled a complementary course, enabling the "base tenant" to increase the knowledge acquired by him at the communal school. These are what should be provided by the State. On the proprietor's part it would be desirable that the base service should be regulated according to the prices generally current; that remuneration for supplementary days be established on the same basis; that impracticable and obsolete clauses in farm leases be suppressed; that the *métayer's* buildings be well kept up; that the base service days be indicated in the leases, even when contracted before the new law "on farming;" that the leases be in writing; that the landlords letting out their lands to farmers should not leave it to the farmers to make out the *métayers'* leases, but they should themselves enter them in the farmers' contracts.

To these measures for the "modernisation" of the *métairies* an important one must still be added: the extended use of a relatively new method of payment called "*métairie with wages in kind*" (*stättorpare*). The subject will be treated in the next section on "base tenants on wages" and agricultural labourers" on mixed wages."

§ 4. *Base Tenants on Wage (Stattorpäre) and Agricultural Labourers on Mixed Wages (Statare).*

At the end of the eighteenth or the beginning of the nineteenth century, the system of wages in kind came into use on the large Swedish farms. The servants, as long as they remained unmarried, were paid by the year. When they married they were generally offered the right of establishing themselves on a *métairie* or in a cottage. But since the *métairie* and "cottages" could not always suffice for the needs of the increasing population and in view of the early marriages, it became absolutely necessary to introduce a new system of wages into agriculture. The master could not feed the married servants under his roof. When a servant married he gave him lodging, ordinarily shared with the families of other labourers on mixed wages.

This made no change in the nature of his service and his duties; but the wage, which for the married servant represented money, board and lodging, was paid in money and kind, that is to say, in corn, flour, potatoes, herrings, milk, wood, etc.

Later, about 1830-1840, on account of the decrease in the number of *métairies*, the labourers on "mixed wage" began to be recruited from among the base tenants themselves. Already in giving the causes of the suppression of many *métairies*, we have shown the reasons that led the farmers to adopt the system of labour on "mixed wage."

In the course of recent years the increasingly intensive nature of agriculture contributed to this movement. For several reasons, the system of "mixed wage" is better suited to the modern farm that grows plants for cattle food. As this kind of cultivation requires constant attention, labour must be always available, a condition incompatible with the position of the "base tenants," who, very often living on the outskirts of the estates, have, consequently, a long journey to make to reach the work.

Besides, they only do a fixed number of days' work each year. It must also be considered that the number of horned cattle and the agricultural machine work require many more labourers than formerly.

These are the reasons for the increase of labourers on "mixed wage" and "base tenants" on wages, according to the following somewhat incomplete figures from the Statistical Tables.

TABLE VII. *Labourers on "Mixed Wages" and "Base Tenants" on Wages.*

Year 1825 . . . . .	9,239
" 1835 . . . . .	12,691
" 1845 . . . . .	15,609
" 1855 . . . . .	18,706
" 1900 . . . . .	33,351

In 1900, the class of labourers "on mixed wage," with their families amounted to 146,374 persons and according to statistics it has undergone no appreciable decrease in consequence of the present depopulation of the country districts.

It must be admitted that the system of labour on "mixed wage, in spite of its serious defects from the social point of view, the chief of which is making several families live in the same house, as in barracks, — defects more evident when we pass from consideration of the "base tenants" to the labourers "on mixed wage" — we must admit, that this system is destined to continue. But, like the system of "base-tenancy," it calls for reform and here we touch the problem of the imminent evolution of agricultural labour.

The problem is to arrange a mode of payment presenting the advantages both of base tenancy and labour "at mixed wage," and excluding their drawbacks. The solution would be in a special system of labour which, indeed, has not yet had a great development, but which, however, has been tried in some districts, where it has been found useful in many ways, both for the landlord and the agricultural labourer, namely the system of "base tenants" on wages (*stättorpare*).

Originally by "base tenants" on wages were understood the agricultural labourers whose wage, in addition to payment in kind, included lodging and a portion of land, generally a hectare or half hectare, right of pasturage in summer and hay in winter for one or two cows and sometimes a few sheep. To this was added a money payment, generally fixed and annual. The difference between the labourer "on mixed wage," and the "base tenant" on wages was then that the latter had a little land and food for his cows — this last in lieu of milk — and consequently farmed on his own account a little piece of land, in addition to his agricultural labour.

With time, this method of payment has undergone modifications. In most cases, the fixed annual payment has been replaced by daily pay, sometimes even, though seldom, by payment by the hour. In certain places, wages in kind, have been replaced, either partly or altogether, by a higher daily payment.

The "base tenant" on wages then holds a middle place between the "base tenant" and the labourer "on mixed wage." Like the first, he possesses a farm, although it is small, and, like the second, he receives advantages in kind.

In the latter case, he accomplishes a fixed number of days per month and the supplementary days are paid by private arrangement. The arable land must not be more than 1 hectare, for otherwise the cultivation of it would require too much time and the estate would suffer. The master furnishes draught cattle, either gratuitously, or at a fixed price; he generally gives the straw and often the hay or the right to make it in a meadow,

so that the "base tenant" on wages may have two or three cows. He is also obliged to have pigs. So in a *métairie* of this nature we find a stable with a sty for pigs and a barn for hay.

Here are some of the methods of payment in use in this class :

1st. Example :

Lodging and firewood ;

1 hectare of arable land ,

free use of draught cattle ;

850 kg. of wheat straw per year ,

right of mowing at least four cartloads of hay in the year ;

pasturage ;

650 kg. of rye at 9 öre (0 12 fr. about) per year ;

Daily wage in money .

for 4 months 1 crown ,

for other 4 months 1 25 crowns .

for other 4 months 1 50 crowns ;

Besides the farmer receives in advance, a certain sum for the purchase of implements and an allowance for grooming the horses on Sundays and holidays ,

2nd. Example :

Lodging and firewood ;

1 hectare of arable land ;

free use of draught cattle ;

400 kg of hay ;

500 kg of rye straw ;

Mowing of 2 or 3 cartloads of hay ;

pasturage ;

720 kg. of rye (or 60 kg. per month) at 12 öre (0 16 fr. about).

Wages per hour : 14 öre (0.18 fr about) for the whole year, with 25 % increase for supplementary work.

Earnest money : 5 crowns .

If the men are honest and industrious and the relations between masters and labourers are good, the system of "base tenants" on wages presents such great advantages that compared with them the drawbacks seem insignificant. The principal difficulty in passing from the system of "labourer on mixed wages" to that of "base tenant" on wages is the very considerable expense for buildings. Yet it must be observed that houses may be built consisting of two lodgings and their outhouses, for two farmers, with a common barn, all divided and with separate doors.

The superiority of the system of "base tenants" on wages is recognised as indisputable by many large farmers who have made trial of this method of payment.

From the employer's point of view, it must be remarked that the landlord may count almost every day on the labour of the "base tenant" on wages, for the farming of the *métairie* is so limited that it leaves the tenant great liberty. Conflicts of interest between master and labourer, frequent in the case of the "base tenants," are avoided.

Even if the landlord does not possess a property large enough for the establishment of *métairies* he has still the power of abandoning certain portions to the "base tenants." Different in this respect, from the labourer "on mixed wage," the "base tenant" on wages, possessing his own farm, is more interested in the work he performs for his master and does it better. Besides, it is easier for him to retire from work, he is more satisfied with his lot, and more attached to the land than the labourer "on mixed wage."

From the point of view of the labourer the system also presents important advantages. The "base tenant" on wages, cultivating a smaller piece of ground than that of the ordinary "base tenant," and in contrast with the latter receiving a fixed payment in kind, is less at the mercy of the chances of the harvest. His position is consequently more assured, although his means are limited.

Besides, as he may possess cows, pigs and poultry, he lives better than the labourer on mixed wage; his children have more substantial food. Moreover, these aid their parents in working the *métairie*, so that any inclination they may have towards agriculture is awakened early.

Finally, the "base-tenant on wages" has a better career before him. With prudence and economy he may in time succeed in forming a capital with which to obtain a large *métairie*. Thanks to the State loans for the formation of homesteads, it is also possible for him to become a peasant farmer.

In other words, the system of "base tenancy" on wages, puts the poor but hardworking agricultural labourer in the way of greater prosperity.

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## II. BIBLIOGRAPHY.

### Publications of Recent Date relating to Agricultural Economy in General.

- (1) EMIL SOMMARIN: Torparfrågen "Ekonomisk Tidskrift", Upsala of Stockholm, 1911, Häft 7 og 8 (*The Question of Base Tenants*, "Political Economy Review" *Upsala and Stockholm*, 1911 nos. 7 and 8)
- (2) NILS WOHLIN: Torpkommissionens betänkande "Ekonomisk Tidskrift" Upsala og Stockholm, 1911, Haft 10 (*Report of the Commission, charged to study the Question of Base Tenants* "Political Economy Review" *Upsala and Stockholm*, 1911, no 10).

These two important articles are very closely connected with the preceding essay on the "Condition of Agricultural Workmen" They bear especially on the problem dealt with in § 3 (Base Tenants) of the said essay

In the first article of 60 pages by Prof EMIL SOMMARIN there are very severe criticisms of the results given in the report of the Commission instructed to study the question of Base Tenants, a report mentioned among the sources of our essay referred to The Commission desires, like the majority of writers competent in the matter, to check the decrease of Base Tenants and proposes, for this purpose, certain reforms in the law on Homesteads in Sweden (1)

Sommarin's article shows the same desire but he does not think the above remedy (change in the law on homestead) advisable. The Commission next recommends, with certain reservations, an increase of the class of "statthorpare", Base Tenants on wages (as in our essay here published, see pages 208 and 219) but Sommarin thinks it best to wait for the results of the law of 14th June, 1907 on the rights and duties of landed proprietors and until we have more statistics on this class of agricultural labourers He sums up his views in the following proposals for assisting the Swedish tenant farmers bound to do farm work.

1. The extension of base tenants' rights, against the landholder, above all the substitution of money wages for wages in kind;
2. Reorganization of land credit for peasant farmers;
3. Application of the present homestead law to base tenants;
4. Sanitary inspections for the improvement of hygiene in behalf of the base tenants.
5. Improved agricultural education.

(1) This question was dealt with by us in an article published in the Bulletin, 1911, no. 1 pages 237-243.



The second of the above articles, the author of which, NILS WOHLIN, is one of the members of the Commission that presented the report on the Swedish base tenants, contains an answer to Sommarin's criticism.

After having shown the difficulties in the way of preparing accurate statistics on the conditions of the Swedish base tenants, Wohlin supports the idea of extending, although in moderation, the duties of the landholders towards these tenants. He especially recommends that it should be recognized as the duty of the farmer to make the necessary repairs on the farm and in the lodging of the tenant. Finally, Wohlin says that Sommarin's programme itself seems to show that in reality the difference between his idea and the proposals of the Commission are much less considerable than his criticism would make us believe.

- (3) H. JUHLIN-DANNFELT and A. SJÖSTRÖM: *Handbok i jordbruksekonomi* 814 S. (*Handbook of Rural Economy*, 814 pp.) Stockholm, 1911.

This large volume, one of the authors of which (Prof. Juhlin-Dannfelt), is the Secretary of the Swedish Royal Agricultural Academy and official correspondent of the International Institute of Agriculture at Rome, forms the 7th part of the work: *Landbrukets bok* (*Book of Agriculture*), the publication of which was begun in 1901 at Stockholm, and of which 7 volumes have already been published, with the exception of the 5th, on cattle improvement. The contents of this volume are shown sufficiently in the conception it contains of *rural economy*, and include, according to the authors' explanation, (see the introduction) "a statement of the principles upon which agriculture must proceed in order to be profitable to the farmers, and useful to society generally, as well as a description of the proper means for attaining this end."

- (4) ELGENSTIERNA: *Kalender öfver svenska landtbruket*, 1911. Tredje årgången. Utarbetadt på uppdrag af Kungl. Landbruksstyrelsen 303 S. (*Swedish Agricultural Calendar* 1911. 3rd. year. Edited by the Royal Management of Agriculture, 303 pages). Stockholm, 1911.

This book, in spite of its title, contains much more than is generally found in an agricultural calendar, and in fact gives, in succinct form, information on nearly all departments of Swedish agriculture.





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